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International Court of Justice

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I certify that none of the documents included herein have been denied by the tribunal and that this document book has been examined with the prosecution in accordance with the ruling of the tribunal dated 4 April 1946.

Je certifie qu'aucun des documents ci-inclus n'a été contesté par le Tribunal, et que ce livre de documents a été examiné par le Ministére Public suivant les règles du Tribunal, en date du 4 Avril 1946.

Ich bestatige, dass keine der hierin enthaltenen Dokumente vom Gerichtshof abgelehnt wurden und dass dieses Dokumentenbuch gemeinsam mit der Anklagevertretung durchgesehen wurde, in Uebereinstimmung mit der Entscheidung des Gerichtshofes vom 4. April 1946.

Signature of Consel

Signature de l'Avocat

Unterschrift des Verteidigers

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of Orig.)

Introd April 30, 1946

SCHACHT Exhibit No. 34

Notarized and sworn testimony of the Banker and Swedish Consul-General Dr. Otto SCHNIEWIND, of 18 March 1946.

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SCHACHT Exhibit No. 34

Notarized and sworn testimony of the Banker and Swedish Consul-General Dr. Otto SCHNIEWIND, of 18 March 1946.

COPY

Doc. Registry No. 1209.

AFFIDAVIT.

Today, the eighteenth of March
Nineteen hundred and forty-six
18 March 1946,
there appeared before me, Dr. Hans NOBIS, Notary at Munich, at my place of office at the time at 29/II Kaufingerstrasse, at Munich - Notariat Munich XIV -

DR. OTTO SCHNIEWIND
Banker and Swedish Consul-General
in Munich-Solln, 16 Allescherstrasse,
according to his testimony born on
15 August 1887 at Cologne, Catholic.

I ascertained the identity of Dr. SCHNIEWIND through presentation of his concentration-camp identity-card with his photograph, of the Military Government and City Administration of Munich, No. 625 of 10 January 1946.

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As the subject pronounced his willingness to make a

deposition in lieu of oath,

I pointed out and advised him about the import and the significance of such a deposition, especially with regard to punishment.

He then made the following

deposition in lieu of oath

by stating to me, the notary:

I.

In JULY or AUGUST of 1934 I made the personal acquaintance of Reich Bank President Dr. SCHACHT, who by name and personality had been known to me for many years. Dr. SCHACHT at that time was regarded as the man who, in the opinion of the thoughtful and anti-National-Socialist circles in Germany, alone appeared to be able to prevent a disastrous development of National-Socialist policy; many foreigners who had connections in Germany and came to see us in government offices were of the same opinion. It was well-known that Dr. SCHACHT was not a Nazi; he was considered as liberal and was counted to belong to the bourgeois group. A large number of the higher civil-service officials, who always had considered themselves the servants of the State and not those of a party, and who viewed HITLER with suspicion and rejection believed to see in SCHACHT the man, who was ready and determined to protect the rights of the old professional Civil Service system. These were the innumerable officials who had not belonged to one of the leftist parties, or who had not belonged to any party and therefore had retained their positions as professional officials; in this manner at that time the full-blooded Jewish colleagues who had taken part in the World War had also remained in their positions as active officials.

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The officials as a group had already seen many parties come and go; the party platforms had always appeared far more severe before the assumption of power than became reality after the assumption of power, and the officials had always remained conscious of the fact that their expert work and devotion to duty would succeed in preventing major mistakes and an unbearable development.

Shortly before the advent of the taking over of office by Dr. SCHACHT as Reich Minister of Economics - in autumn 1934 - I in my capacity as Ministerial Councillor (Ministerialrat) of the Department, with the longest period of service, had taken over the work of the ailing Ministerial Director (Ministerialdirektor) and head of Section I (credits, finances, banks, currency, Reich Bank, insurances, security for commerce with Russia) until November 1934. Our chief aim at the time was to restrain the increasing National Socialist influence in the filling of positions which had become vacant by keeping as many officials as possible in their positions, who were opposed to the party. In this manner a severe friction ensued in the autumn of 1934 with the District Leader (Gauleiter) of the Province of Saxony, LOEHER, who wanted to appoint a party member acceptable to him - but who seemed unacceptable to me - as Director-General of the Saxonian Fire Insurance Institution (Saechsische Feuerversicherungs-anstalt). I had rejected the man suggested by the District Leader (Gauleiter) on my own responsibility and without asking Dr. SCHACHT, which caused the District Leader (Gauleiter) to complain about me to Dr. SCHACHT, as acting Reich Minister of Economics.

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This resulted in several discussions with Dr. SCHACHT. In these discussions Dr. SCHACHT showed himself to be a man who with growing concern became aware of the development which was pursued by the Hitler government contrary to its own party platform and by increasing this program in severity. The party attempted to an increased extent to fill authoritative positions with people who were not suited either as to experience or as to character but who in their blind party-fanaticism were to pave the way for the party in order to place the whole German national life under the party's influence. The Prosecution has described these incidents as the "Struggle for Totalitarianism". In this manner a group of bigwigs (Bonzentum) was established, the like of which had never existed previously. Upright, decent officials were to be removed from their positons under some pretext or other in order to make room for party members. Corruption began to invade the Civil Service system, once such a bad example had been set by the highest Nazi officials and working efficiency gave way to a vicious form of bowing and scraping toward the party. The persecution of the churches had begun, anti-semitism in party circles reappeared constantly. In all discussions which took place between Dr. SCHACHT and myself at that time (read: meantime), he showed himself as a bitter opponent of all these abuses. In regard to personnel policy, we agreed already from the outset that as many non-Nazi officials as possible were to be retained in their position and that access to these positions would have to be denied to pro-Nazi elements. The free-masons also found the full protection of Dr. SCHACHT. Reich Minister FRICK in a

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circular decree demanded the removal of free-masons from civil service positions. Mr. SCHACHT replied in a letter, which I had occasion to read personally, that amongst free-masons he had encountered only people with high character qualities. He himself had also been a free-mason and therefore he could not be expected to remove free-masonic officials. With this policy almost every day meant a struggle against things of the most disagreeable nature.

In March 1935, Dr. SCHACHT asked me if I was prepared to take over the management of Department I as Ministerial Director (Ministerialdirektor), using the following words: " In this position I need a man who is determined and has the courage to take action against all this mess (Schweinereien). Isn't it sickening what we have to experience from day to day?" I have well noted these words and also the inner excitement with which they were spoken; I have often enough repeated them to my wife and in the circle of trusted friends, and whenever I was asked how I, an anti-Nazi, had still been able to be promoted to the post of a Ministerial Director (Ministerial-direktor), I have always replied that I had been promoted only because I was an anti-Nazi. There was no doubt in my mind that SCHACHT out of his whole attitude would not have entrusted me with the management of this Department I, had I been a Nazi. At any rate, the party then opposed my promotion and announced that it would obtain material against me. However, since this was not done within the prescribed time, SCHACHT was able to have my advancement approved in the Reich Cabinet.
I beg to excuse if it is so often necessary for me to present my own affairs here, but SCHACHT's behavior in these questions show me his attitude most clearly.

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How far Dr. SCHACHT went in this personnel policy can be seen from the fact that in Department I of the Reich Ministry of Economics not a single one of the nine Ministerial Councillors (Ministerialraete) was a party member. Amongst them there were men who harbored such glowing hatred against National-Socialism, that an explosion could be expected every time they had to deal with party members. All this was known to Dr. SCHACHT and all these officials were supported and retained by Dr. SCHACHT through all difficulties. Amongst the officials there was among other one who was married to a full-blooded Jewess. By the purest change, this official had not received a questionnaire in which information would have had to be given about this question. Dr. SCHACHT knew of it and declared it as natural that this official was to be retained in his position. For another official who wanted to leave the service because of his not perfectly Aryan wife Dr. SCHACHT has paved the way into the board of directors of one of our best mortgage banks (Hypothekenbank).

My department also dealt with the Reich guarantees for the deliveries to Russia, and for this reason I know Dr. SCHACHT considered HITLER's fight against Russia [illegible] to be wrong. In lengthy negotiations with HITLER he brought about extensive deliveries, especially from the machine industry to Russia. I often gained the impression that Mr. SCHACHT favored those deliveries also because of the fact that they served as a means of procuring employment but did not really further rearmament. Mr. SCHACHT on several occasions has contentedly pointed out in public

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that nothing was running as promptly and smoothly as the export of goods to Russia. This struggle against corruption, Party bigwigs anti-Semitism, and inexpertness could not fail in the course of the years to lead to severe clashes with almost every Gauleiter. The most severe differences arose with the Brunswick Prime Minister KLAGGES and the Gauleiter of Schleswig-Holstein, LOHSE. In Brunswick the President of the State Bank was to be dismissed for some trivial reason and was to be replaced by a Party member with the golden Party insignia. The whole supervisory council (Aufsichtsrat) of this bank, which consisted mainly of leading Party members, revolted against Dr. SCHACHT and me when we opposed this plan. I appeared at a session of this supervisory council in Brunswick, and a severe clash occurred between the Lord Mayor of Brunswick, who had appeared in an SA-uniform, and me, whereupon I sent the Lord Mayor out of the hall in which the session took place and finally dissolved the administrative council. On the next day already Mr. KLAGGES went to see HITLER in order to lodge a complaint against me. In this, as in all other cases, Dr. SCHACHT protected me through thick and thin and covered all my measures. These were the years during which Dr. SCHACHT was most strongly attacked by the Party and the SS, and that so severely that Mr. SCHACHT stated on several occasions that it did not make any difference to him whether he died in bed or on a sandpile, i.e. was shot by the SS.

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The conflict with District Leader (Gauleiter) LOHSE had the result that in March 1937 the State Prosecution at Kiel (Staatsanwaltschaft) by request of the Gauleiter decreed imprisonment against me and two of my collaborators, Ministerial Councillor (Ministerialrat) Sperl and Senior Government Councillor (Oberregierungsrat) Dr. PERDELWITZ because of activity hostile to Party and the state. Dr. SCHACHT took immediate action and it was only thanks to his personal intervention and that of GUERTNER the Reich Minister of Justice at the time that this order for arrest was never put into effect; however, under pressure of the Party, I had to leave the government service (Reichsdienst) with loss of pension.

Dr. SCHACHT was one of the men who represented the viewpoint that the ominous development of Nazi policy could only be prevented if one possessed power and influence and that at the time of a change in government one could only grasp the power if one was personally in the government. Mr. SCHACHT, therefore, demanded of certain men not to leave the government service. In view of this fact I had already on several occasions turned down offers of well-paid positions in domestic economy (Wirtschaft). When in the autumn of 1935 Dr. JEIDELS, now Vice-President of the Bank of America, then business manager of the Berlin Trade Association (Handelsgesellschaft) asked me if I wanted to join the Berlin Trade Association as partner, I gladly accepted, because I had asked myself often enough if this struggle was not hopeless. Dr. Jeidels dealt in this matter with Dr. SCHACHT, who subsequently had me come and literally asked whatever was to become of this ship of state and its course if people like myself would leave government service.

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After my activity in the Reich Ministry for Economy had been brought to a close, Dr. SCHACHT, who for aforementioned reasons felt a certain responsibility for my fate, enabled me in June 1937 to enter the Directorate of the Reich Bank. The Reich Bank at that time was still an institution independant of the Reich government; in the appointment as a member of the Directorate of the Reich Bank the Party did not have any jurisdiction at all. Dr. SCHACHT told me on the occasion of this transfer that I would have to consider the new position as a quiet reserve-position from which I would once again come into action. From this and from other reports I gathered that Dr. SCHACHT, whose opposition to the Nazi government had in the meantime become embittered and passionate, was counting on a change in government. I could not guess at the kind of change which was to take place, but it appeared certain to me that a man like SCHACHT would not form or support a new government unless it represented in all important points a radical change of the previous domestic and foreign policy. Some authorities at the time believed that Dr. SCHACHT together with General BECK would form a new government, doing away with the Nazis. Dr. PUENDER, the former State Secretary of Mr. BRUENNING, now Lord Mayor of Cologne, for instance repeatedly declared himself ready to cooperate in a SCHACHT Cabinet.

In the Reich Bank Directorate, there was enough occasion in 1937 and 1938 to take an attitude toward the events of these years. In the question of persecution of the churches, SCHACHT and DREYSE especially stood on the side of the confessional church; they

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demonstrated their violent repugnance for the measures against the church and clergymen. The case of Pastor NIEMOELLER agitated all of them greatly; I saw Dr. SCHACHT frequently enough at the services of NIEMOELLER and attendance at these divine services by a member of the Reich Cabinet was a political demonstration. The Jewish problem constantly seethed in the party circles and again and again the call sounded from there for more severe treatment of the Jews. Every time new unrest ensued because of this, Mr. SCHACHT made the pacifying declaration that nothing would be done against the activity of the Jews in the domestic economy. In regard to foreign policy one saw with the greatest astonishment that the foreign powers put up with every measure and every step of HITLER, and partially sanctioned them by means of international treaties. (Rearmament treaty with England 1935, Munich agreement Autumn 1938). In the Reich Bank Directorate it was realized that such appeasement only increased the superiority complex and the arrogance of HITLER and began to worry severely. Dr. SCHACHT, as could be seen from innumerable statements, had already in the years 1935/36 fallen into the role of the man, who in good faith had put his strength and ability at HITLER's disposal, but who now felt himself betrayed. Of the many statements by SCHACHT I quoted only one, which SCHACHT made at the occasion of a supper with my wife and myself in the summer of 1938. When Dr. SCHACHT made his appearance, it could clearly be seen that something was seething within him, and during supper it suddenly burst out of him, when in deep agitation he almost shouted at my wife: " My dear Lady, we have fallen into the hands of criminals, how could I ever have suspected that."

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During the Czech crisis, suspicion arose in the Directorate of the Reich Bank for the first time, that HITLER was intentionally steering toward war. This was the more incomprehensible since in these weeks the anti-war feeling of the people was revealed quite openly.

The whole development had already caused me in the Spring of 1938 to speak openly to Dr. SCHACHT and to tell him that I could no longer reconcile it with my conscience to serve under this system. Mr. SCHACHT had full understanding for these conscience pangs and felt them just as strongly. In Autumn of 1938 during the Czech crisis when I personally gained the conviction that HITLER was intentionally trying to start a war, and when the Reich Bank by the non-acceptance of Mefo-exchange was supposed to become involved in the financial preparation for war against its will (see part II) I requested the Directorate of the Reich Bank to approve my resignation. Dr. SCHACHT on his part gave me all support in the breaking of my contract. During several discussions he stated that for himself, unfortunately, he was not yet able to draw these consequences because in his top position he considered himself obligated toward the German people to fight with all the strength at his command and to the very last moment, against the development which had become perilous to life, and this he would be able to do only as long as he possessed power and influence. I knew furthermore, that SCHACHT had knowledge of the plans at that time for an overthrow, and every day was counting on the overthrow of the government.

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As late as on the occasion of his resignation in the end of 1938 Schacht told me literally : "Keep yourself in readiness until I call for you; it may be in the very near future."

In public also Schacht did not refrain from severe criticism of the measures of the government; it is well-known that at the Christmas celebration of the Reich Bank in December 1938 he said the following in his address to the young office boys : "Several weeks ago (by this he meant 8/9 November) things have occured in our fatherland which are a disgrace to culture and which turn every decent German's face red with shame. I only hope, that none of you office boys participated in it, as for such an individual there is no place in the Reich Bank."

If Schacht on the other hand occasionally made oral and written statements which could be construed as more extensive identification with the Hitler regime, then these statements were naturally known to us, but what Schacht thought in reality was known by almost every official in the Reich Bank and in the Reich Ministry for Economics, above all, of course, by his closest co-workers. On several occasions we asked Dr. Schacht if he had not gone too far in these statements; he always replied that he was so strongly under fire from the party and the SS that he could camouflage himself only with strong slogans and statements.

In January 1943 Mr. Goerdeler informed me about the military plans to do away with Hitler and at the time declared as follows : (General (Generaloberst) Beck, the military leader of this movement has demanded the establishment of a civilian government, whose head is to be either Schacht or GOERDELER; I myself was to take over the

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Reich Ministry for Economics. Shortly afterwards I brought these reports to the knowledge of Mr. Schacht, who was informed on everything. Mr. Goerdeler testified about this participation of Schacht after his arrest by the Gestapo. Through an oversight of the Criminal Councillor (Kriminalrat) I had the opportunity of seeing Goerdeler's testimony.

II.

Financing Rearmament. Mefo-Exchanges.

Rearmament was out of the question in the first 1½ to 2 years because the readjustment of economy took place exclusively from the viewpoint of creating employment for the seven million unemployed who were on hand in the winter of 1932/1933. The government in one of the first declarations of its program described this creation of work as its most important goal. Tax certificates of the most varied kind, employment-bonds, Oeffa-exchange served these plans. When, how and with what sums this creation of employment was transformed into rearmament remained unknown to almost all Germans, even to high officials, because only very few persons in the political leadership of the Wehrmacht and of the Reich Ministry for Finance knew of it, and since no more Reichbudget was published anymore after 1933 the possibility did not exist any longer to get an insight.

The newspapers, however, pointed out the necessity of rearmament and declared that Germany according to the Versailles Treaty had the right

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to rearm because the other side had not complied with its treaty obligation to disarm. In the year 1934 one heard for the first time that young people had been inducted into the Wehrmacht for a period of service lasting several weeks. The great surprise was the agreement between Germany and England in Spring of 1935, in which England granted rearmament at sea to a limited extent. The Versailles Treaty was not even mentioned in this treaty, so that it was widely assumed that the Allies themselves considered the Versailles Treaty terminated in this respect. From that time on it became noticeable that on land and in the air a certain rearmament took place.

In the year 1936 we in the Reich Ministry for Economics became for the first time aware of "Mefo-exchange". After my co-worker Sperl, then Reich Commissioner at the Berlin Stock Exchange, and I had informed ourselves about the manner and purpose of the "Mefo-exchange" I asked officially that is on stationery of the Reich Minister for Economics, signed by me, without having previously asked my superior Minister Schacht, the Directorate of the Reich Bank, on the basis of what legal provisions the Reich Bank considered itself justified in discounting these "Mefo-exchanges". The Reich Bank replied that special arrangements had been made with the Reich Minister for Finance and that the Reich Minister for Economics had been personally informed of the matter. We further inquired of what the arrangement with the Reich Minister for Finance consisted, to which the Reich Bank replied that the Reich Minister for Finance had vouched for the cash remuneration when they became due. In a third communication

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I asked, whether an agreement had been made with the Reich Minister of Finance about the maximum amount of these "Mefo bills of exchange", which the Reich Bank Director denied in his reply. This correspondence is located in the files of the Reich Ministry for Economics and of the Reich Bank Directorate.

Mr. SPERL and I then addressed Dr. SCHACHTand reported the doubts we had against these "Mefo bills of exchange". Dr.SCHACHT who actually demanded open and factual contradiction from his officials, admitted that one could have two different opinions about the Mefo bills of exchange; the jurists of the Reich Bank Directorate,however,had declared admissible the acceptance of these bills of exchange as commercial bills of exchange. On this occasion we heard for the first time from Dr. SCHACHT that he had promised to finance a limited rearmament for HITLER, similar to the naval rearmament agreed upon with England. I replied that even then a maximum amount of "Mefo bills of exchange" would have to be agreed upon. Dr.SCHACHT also was of the opinion that this must be taken care of as promptly as possible. It was definite for us that the "Mefo bills of exchange" would have to be paid in cash by the Reich at the end of their validity and it was clear to us that after throttling the financial source, the entire National Socialist apparition would disappear over night. Dr. SCHACHT not only appeared happy about this initiative of mine, but I actually felt myself being charged by Dr. SCHACHT to work further for the limitation of the "Mefo bills of exchange", especially in the Reich Bank Directorate which I entered soon after.

The Reich Bank Directorate was a body in which decisions were made according to the majority.

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In case of a tie vote, the president cast the deciding vote. In the year 1937 or 1938, it was achieved in negotiations with the Reich Minister of Finance that the amount of 12 billion Reich Marks was not to be exceeded; this amount had just been reached at the time. With this amount, as may be construed from the testimony of General HALDER, Germany was enabled to establish a limited Wehrmacht until the Czech crisis.

It was so clear to every one of us that with this limited rearmament no war could be undertaken, that before the Czech crisis, no one believed that HITLER could instigate a war. Only at the time of the Czech crisis did this suspicion arise, and it agitated Dr. SCHACHT extremely since he considered war a crime.

The Reich Bank Directorate immediately did everything in its power by trying to cut off the financial sources of the National Socialist regime, It requested the Reich Minister of Finance already to adjust himself now, that is in the fall of 1938, for the cash payments of the first "Mefo bills of exchange" coming due in the first quarter of 1939. These bills coming due amounted to 2.5 to 3 billion Reich Mark. If they would have been paid in cash, HITLER would have lacked the money to wage war. The Reich Minister of Finance replied that, in face of the demands made on him, he would not pay in cash, but would issue instead Reich loan certificate (Reichsschuldverschreibungen). This was not a breach of promises given, but the Reich Bank was thus brought into an impossible situation; for what was to happen in the Reich Bank statement, published every tenth day, which was allowed to show a maximum, credit to the Reich of 400 billion Reich Marks, while

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by the refusal of the Reich Finance Minister the "Mefo bills of exchange " were converted from commercial bills of exchange to Reich bonds ? was The importance of this question was completely clear to the Reich Bank Directorate.

At a meeting of the Reich Bank Directorate, I made, after previous consultation with Dr. SCHACHT, the motion, in view of the refusal of the Reich Finance Minister to designate, the "Mefo bills of exchange" as Reich securities (Reichspapier) in the next statement. This opinion was fully agreed to by Dr. SCHACHT; the majority of the Reich Bank Directorate was of the opinion that it was too early for such an éclat; for as yet there were still bills of exchange in the portfolio.

The Reich Bank Directorate decided to send a petition to HITLER describing its attitude toward the policy of the third Reich.

I am not informed about further events and the final text of the petition, since I left the Reich Bank Directorate at the end of 1938.

Read by the notary, approved by the person concerned and signed in his own hand.

Dr. Otto SCHNIEWIND

LS Dr. NOBIS, Notary

The above copy, a true and correct copy of the original, was herewith issued on request to

Dr. OTTO SCHNIEWIND, BANKER

and Royal, Swedish Consul General in

MUNICH - SOLLN, Allescherstrasse 16

as the person concerned.

Munich, this 18th day of March nineteen hundred and forty-six.

The Notary:

signed Dr. NOBIS

(Dr. Hans NOBIS)

(LS)

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I herewith certify that the above notorized and sworn statement of Consul General Dr. Otto SCHNIEWIND of 18 March 1946 is a true and correct copy of the original document.

Nuernberg, 25 March 1946

Dr. jur. Herbert KRAUS

Professor of Jurisprudence.

SCHACHT Exhibit No. 35

Sworn and notarized-deposition of Dr.Franz REUTER

of 6 Feb 1946

Filed May 3, 1946

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SCHACHT Exhibit No. 35

Sworn and notarized deposition of Dr.Franz REUTER of 6 Feb.1946

Dr.Franz REUTER

BERLIN-Grunewald, 6 Feb 1946

Orberstr.27

To "Justizrat" Dr. DIX

BERLIN - SCHMARGENDORF

Berkaerstr. 30.

Dear Mr. DIX,

You have notified me, to my great regret, that the NUERNBERG Tribunal has rejected my being called as defense-witness for Dr. SCHACHT, because witnesses have already been admitted to testify on those subjects for which I have been proposed. However I believe that since I have exceptionally accurate knowledge of the facts as well as of the personality, I may be able to make various statements that could be valuable for the defense as well as for the Tribunal. I give the following Affidavit:

I have met Dr. SCHACHT in 1925 in my capacity as a member of the BERLIN Commerce and Economic Editorial Staff of the "Koelnische Zeitung". Soon a confidential friendship developed from this journalistic activity.

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The economic-political periodical "The German Economist" ("Der Deutsche Volkswirt") of which I was associate editor, had - above all - the aim to fight for the application of common sense in economics and therefore found especial support from SCHACHT, whom in turn it tried to assist in his hard struggle against nonsense, illegality and disregard of rights. I discontinued my literary contributions to this periodical in 1936 when I had called for an understanding with Russia in consideration of the economic viewpoint and when, as a result, I was exposed to severe threats from the highest authorities concerning my periodical as well as myself personally. I had a biography of Dr. SCHACHT published twice, first at the end of 1933 by the R. KITTLER Publishing house in BERLIN, and at the end of 1936 by the German Publishing Institute in STUTTGART. Besides a factual presentation of his life and his work it also served the purpose to shield him from his attackers. Therefore the principles of purely objective historical research work, are not applicable to these publications, because defensive views, required by the situation of the respective period had to be taken into consideration. Even after my editorial activity and after SCHACHT's retirement from his offices I have constantly been in touch with him. The last time we have met in the Gestapo cellars of the Prinz-Albrecht Street, both as prisoners.

In my various capacities which have repeatedly been described I have had, since 1925, numerous conversations with Dr. SCHACHT, in the presence of others as well as between ourselves, which conversations were, to a great extent of a confidential nature. My statements are based on them in the first place.

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SCHACHT's basis attitude towards other countries was always that of international cooperation and understanding, to begin with especially in the economic field. Of course he always tried, with his great aptitude, to gain as many advantages for Germany as possible. But all measures for autarchy were taken out of the consideration that unbearable demands should be rejected and the partner should be won over for a agreement on a higher level. Not only privately but also in public, for instance in 1933 and in 1936 in a speech delivered on the occasion of the Jubileer of the Kaiser Wilhelm Institute he paid trilente to the great unity of European culture, and beyond that, of the West. Personally he never entertained hostile feelings towards other nationalities.

a) Cooperation with foreign note - issuing - banks was his innermost desire.

b) no matter how painful to the individual affected the process may have been of shortening the transfers of amortization and interest instalments on German foreign debts , SCHACHT proceeded with clear consience considering that on delivery the foreign countries had without justification refused to accept the goods, that the interests of creditors were contrary to the interests of trade, and that a restoration of Germany's indebtedness to normal would be just as much in the interests of the foreign as in those of German economy. Again and again he tried to contact representatives of the creditors, and asked for latter terms. The basic attitude becomes clear from the following sentences of his KOENIGSBERG speech of 18 Aug. 1935:

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"We should not forget that not the Governments are our foreign creditors but thousands of individual citizens of the country, who have lent us their savings. And we should especially keep in mind that among them are numerous germanophile people, who bona fide believe that they are helping us with these loans."

2.

SCHACHT's debt-policy has actually helped to improve foreign trade. This part of the so-called New Plan is at least as important as the control of imports. He merely stayed true to his basic tenet, with which he had grown up, when he said, in April 1935, in regard to world economy: "Prosperity can come only when the old saying will be valued again: "My welfare depends on the welfare of my customers." Throughout the years he was the great international businessman who keeps the world-political correlations in mind.

a.) In line with this attitude he treats the short-term foreign credits with more care than the long-term loans, because of their importance in maintaining foreign trade.

b.) Barter arrangements were never considered by him as the ideal solution of the problem of foreign trade, but since the failure of the World Economic Conference of 1933, at the latest, all nations have increasingly turned to a policy in that direction. This policy has, in the long run, even produced a mutual increase in the volume of foreign trade to an unknown extent especially, but not exclusively, in South-eastern Europe.

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3.

a) After announcement of the Four Year Plan SCHACHT has twice publicly urged colonies for Germany, in his FRANKFURT lecture of 9 Dec. 1936 and a few days afterwards in the periodical "Foreign Affairs". His main thought was that only that way could Germany's raw - material situation be regulated in a satisfactory manner, since the world did not buy sufficient goods from her to enable her to pay.

b) I have never found that SCHACHT had the slightest interest in territorial conquests in the East. Shortly aftr the transfer of the Reich Government to HITLER, and repeatedly in 1933 and the following years I have urged SCHACHT, - driven by my own serious concern about the developments of German - Russian relations as well as suggestion of my friend WINOGRADOW, press - advisor of the BERLIN Soviet Embassy -, to use his influence with HITLER for the purpose of maintaining good relations between the two countries. SCHACHT replied that things would follow a normal course if Russia did not interfere with matters pertaining to Germany's home policy. No mention of war - plans was ever made during our talks. As Minister of Economics SCHACHT was anxious to achieve better economic relations between Germany and Russia.

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c) In August 1936 SCHACHT negotiated with the French Government Chief in PARIS, among other things, about the possibility of foreign-political agreements with the West, and in connection with that about a recognition of Germany's colonial aspirations. I remember the following, as the essence of a several hours' talk I privately had with him, shortly after his return: The foreign countries, and especially England, were willing to make certain concessions. SCHACHT attempted to win HITLER over for an agreement on the basis he had found, last not least in order to keep him from any foreign political adventures. He did not succeed. At that time I suddenly grasped the sharp foreign-political contrast between SCHACHT and HITLER.

4.

a) It is evident that the control of foreign bills and notes was to serve the continuance of the most necessary imports.

b) We have frequently discussed the illegal sales of foreign bills and notes made by the Party that were contrary to the above, and SCHACHT has told me about the counter-measures taken by him against them.

c) During the critical days that preceded the complete yielding of the control of foreign bills and notes to GOERING, in April 1936, I traveled to BADENWEILER to see SCHACHT in order to warn him on suggestion of certain offices, and with information from them, and I returned to BERLIN with him; all this from the first to the last moment under constant surveillance by the Gestapo, of course.

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During my stay in BADENWEILER the "Frankfurter Zeitung" brought a news-item, according to which the situation has been settled, in disfavor to SCHACHT. But at that time already his antipathy to the regime had already become so great that even if not with unmixed joy, he felt inclined to put up with the fact.

5.

In the "Principles of German Economic Policy" ("Grundsätze deutscher Wirtschaftspolitik"), published for the elections of 31 July 1932, which aimed at presentation presenting the eternal truths governing the economy of a nation for itself as well as within the global framework, SCHACHT rejected autarchy as an ideal permanent condition, but he approved of measures of an autarchial nature as a means of defense against extreme protectionism, and also to drive the fact home to other nations that Germany, with the consuming capacity of her population of seventy million who were used to highest cultural demands, constituted a great power, with which they had better come to terms. Even before the announcement of the Four Year Plan he, on his part, regarded the increase of the domestic raw material basis as one way among others leading out of the German supply - difficulties, and he has acted accordingly in his capacity as Minister of Economics though always within certain limits.

6.

SCHACHT welcomed rearmament and rendered it feasible during the first years by his financial and economic policy. His attitude in this respect was that Germany would by rearming gain political weight among the powers and that the solution

of economic problems that deeply concerned him, would thus be facilitated. His attitude in this respect was therefore political, but militarily only defensive. Not only in Germany a great many people thought at that time a Russian offensive might be expected, even if I myself never shared this expectation. But not in a single instance during the innumerable discussions I had with SCHACHT during these years has there ever been even an indication of the intention that rearmament was to be the prelude to an aggressive war. He would have been most happy if he could have bartered for a general reduction of armament. SCHACHT believed much too strongly in modern economic progress to expect any benefits from war, and in this same spirit he believed that the world would finally come to its right sense.

Nothing needed to be added to this fundamental attitude to make SCHACHT oppose any excessive rearmament. But, in addition there was the fact, that he who has financially and in regard to raw-materials made rearmament possible at a pace that was extraordinarily fast, according to normal standards by his inventive, clever and consistent policy that gained much admiration at home as well as abroad, also has - just for that same reason - seen the limits set to rearmament by sensible economic contemplation. He had started as the man representing economic common sense, and his ambition was to maintain that reputation. That is why he always attempted, from his field of economics, to set a brake to excessive rearmament and to other crazy enterprises. As a result of this attitude conversations became more and more frequent since 1936 in which he mentioned his desire and intention to leave his offices.

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1) On 18 Jan 1939 in the evening he was a guest in my home In privacy we talked about the very imminent possibility of his dismissal as President of the Reichsbank. He registered complete satisfaction over the idea. Within 36 hours it became a reality. SCHACHT had for a long time been an inner foe of war as a method of settling international conflicts of opinion. In a manuscript diary written for his family during the spare time of the first war he spoke in a most criticizing and derogatory manner about militarism and its representatives. These remarks may directly be termed as pacifistic. The book remained in my apartment in BABELSBERG, which I could not enter any more since my arrest in the summer of 1944, as it was confiscated by the occupation power. In the preface to his book on the stabilization of the Mark- while following the same line of thought - he expressed the desire that this book would contribute especially to the strengthening of mutual international reliance and to the determination to prevent in future political catastrophies, through an international spiritual and economic community and mutual good will. On 31 Oct. 1924 he characterized the substitution of the old method of diplomacy and war by a modern method designed to solve the difficulties occurring in human society as the spiritual essence of the cooperation expressed in the DAWES plan.

SCHACHT Exhibit No.35

8.

Throughout the long years of the war I have repeatedly met SCHACHT and I always had occasion for private talks with him. Discussion of the war situation has naturally formed a great part of our conversations. All in all we not only agreed in condemning the severe factual mistakes, but also the crimes that had been committed, as far as he knew of them.

In close cooperation with Dr. GOERDELER, Minister POPITZ, the retired General THOMAS, the retired Ambassador von HASSELL, State Secretary (Staatssekretaer) PLANCK, the union leader KAISER, and others, I took part - since 1939 - in the efforts made to eliminate HITLER by arrest or assassination, and to replace him by a regime, based on justice, decency and common sense, with the task to make peace as soon as possible, and thus I was well informed. I, in turn, have constantly informed Dr. SCHACHT about everything, and I found him always well informed and deeply interested. I have very often spoken to him especially on GOERDELER's or POPITZ's behalf. At a rather early date he already made skeptical remarks about the generals' readiness for action. He declined any attempts to engage HIMMLER's help even temporarily, about which I asked his opinion on POPITZ's request, because, as he said, one could never rely in the least on the "black ones". He was right in that, too. He was just as right when he demanded that we take the greatest precautions. Therefore, as in his opinion GOERDELER did not take heed, he alienated

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SCHACHT Exhibit No. 35

himself from him, after the two men had met frequently during the first years of the war and although SCHACHT has placed material as well as his secretary at GOERDELER's disposal.

In the hitherto unpublished papers left behind by GOERDELER which he wrote in the prison in the Prinz-Albrecht-Strasse, the following opinion may be found abut SCHACHT: "He bears the responsibility for the National Socialist debt - policy up to the beginning of 1939. But that does not change the fact that he mastered the money, currency, and banking fields completely with artistic virtuosity, that he knows the laws of economy, that he is a brave man of excellent character, one of the ablest heads and best patriots Germany has had since BISMARCK. My God keep him alive. Do not judge him then for his ambition, for the wrong choice he made when in 1931 he attacked BRUENING in HARZBURG and sided with HITLER. Judge not, lest you be judged. When in he spring of 1938 I was under secret investigation for supposed statements I had made in England, SCHACHT bravely supported me. I am greatly obligated to him for that. He fought bravely against the degeneration of the Party and made many enemies. He is the only Minister who spoke his mind to HITLER, even if very late".

I last met SCHACHT in freedom, when I spent the 10th of May 1944 on his estate in GUEHLEN. On hour- long walks alone the two of us discussed all possibilities of the situation in connection with the action planned for HITLER's overthrow. The next time we met in the Prinz-Albert-Strasse Gestapo prison.

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of Orig.)

SCHACHT Exhibit No.35

In the following words I resume my opinion of the indictment against SCHACHT on the basis of my intimate knowledge of his personality, and his activity:

At the beginning of the thirties SCHACHT joined HITLER and helped him gain power because after the errors of the WEIMAR Republic he believed that HITLER and National Socialism would be in a position to lead Germany along a better path economically as well as in its domestic and foreign policy, and - above all - to alleviate the inconceivable misery of mass unemployment. Naturally as everyone else with such talents he also sought to satisfy his own ambition. But ambition was not the prime motive for the activities of the older and wiser man. SCHACHT was the most widely recognized exponent at home and abroad of Germany's economic policy before 1933, no matter whether he was in or out of office. As such he believed that he had to continue this work under all circumstances. He was an enthusiastic expert in the field of currency, finances and foreign economics and lived primarily in this specialty. Knowledge of personality was not his strongest point. That is one of the most decisive causes for his disappointment in HITLER.

If it is possible to type him at all, he was a German Protestant throughout. Never in his life did he condemn anything more severely than acting against one's conscience. He innerly condemned most vigovously all acts against right

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Schacht Exhibit No. 35.

all acts of pure force. On 9 November 1918 he formulated his attitude in the following verse: "Neither force nor gold can shape this world, Spiritual power and honest acts are capable of changing worlds." The stigma of having been a Freemason has stuck to him, not only outwardly, but as part of his being. It is evident that he never has been a National-Socialist in his innermost being, from the fact that he could never have any use for their slogans; this is proved in all his speeches. Sometimes he did not know why and for what utterance he has been attacked. He flatly refused to make use of the Nazi vocabulary.

From his entire attitude he was forced to come into early conflict with the methods of force and distortions of rights, which from 1934 onwards became increasingly characteristic of National Socialism. He tried to explain the first occurrences by the fact that HITLER had not as yet become familiar with his role as head of the Government, and the remnants of the opposition still clung to him. But this was over when he staged his 30th of June 1934. Two days later even, in a private discussion, he strongly accused the procedure of murdering hundreds of people without fair trial, no matter what they might have done, and he also vigorously criticised the act of the "christian" Minister of Justice GUERTNER, a former German-National, in subsequently legalising the past events. With this date commenced SCHACHT's inner opposition to National Socialism. The fact that he still tried, for some time, to make the best of it, that he still had hope that the prudent spirit and the better morale of part of the German people, of which he was a leading representative would range itself

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Schacht Exhibit No. 35.

against Hitler, has today been objectively proved a mistake. It was the mistake of the liberal, who - just after 30 June 1934 - hoped for a reaction, for an opposition, whether from industry or from the Army, to set an counter-balance to the SS, which from that date on started out on complete mastery of the Party, the Government and the German people. I remember as vividly to-day as then, how deep Schacht's moral indignation was when we talked about the shameful dismissal of Lt. General Fritsch, on Blomberg's retirement. Schacht couldn't understand why this or any other officer simply didn't shoot Hitler. At that time his hope that the Army would provide a counterbalance to the SS received a heavy blow. But even at that time he could not personally realise how the leaders and the masses of the German people would follow the "Fuehrer" that far on the wad of frenzy and crime, and that particularly the foreign countries would be bystanders for such a long time.

I hereby declare that I have sworn to this statement. I know that it will be presented as such to the International Military Tribunal in Nuernberg.

signed: Dr. Franz Reuter

Stamp:

Bill of costs

Sale value 3000.- RM
Dues Par.144,26,39
RKO 4.- RM

Turnover tax -.08 "
4.08 RM

signed Dr. Rosener
Notary Public.

I certify the above signature of Dr. Franz Reuter,
Berlin-Grunewald, Orberstrasse 27
No. 16 Year 1946 of the Document-Book
Berlin 15 Febr. 1946

signed Dr. Rosener
Notary Public

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SCHACHT Exhibit No 35

I herewith certify that the documnt reproduced above is a verbatim rendering of the notarized and sworn statement of the witness Dr. Franz REUTER dated 6 February 1946.

Nuernberg 10 March 1946

t/ Dr. jur. Herbert KRAUS

Professor of Jurisprudence

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Filed May 1, 1946

SCHACHT Exhibit No. 36

Notarized and Sworn affidavit, of

Oberregierungsrat

Dr. HILGER van SCHERPENBERG

of 14 Feb 1946

H0798-0039

SCHACHT Exhibit No. 36

Notarized and sworn Affidavit of Oberregierungsrat Dr. HILGER van SCHER-ENPERG of 14 Feb. 1946,

Copy

URNO 645

Affidavit

Today on 14 February 1946, there appeared before me, Dr. Hans MOBIS, notary in Munich, in my office which at that time was located at Kaufingerstrasse 20/II in Munich as notary office Munich XIV, Oberregierungsrat in the Bavarian Ministry of Economics, residing at Munich, Wolfratshauserstrasse 28, of whose identity I assured myself by inspection of his military identification card which he submitted to me and which was made out in his name with his photograph and which had been issued by the district-command Berlin-Zehlendorf on 30 April 1940 under the No. Berlin IX Z/99/3/5.

As he declared that he wished to make an affirmation in lieu of oath, I pointed out to him the importance of such an affirmation, especially with respect to it's penal aspect.

Mr. Hilger van SCHER-EN-ERG then declared officially:

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SCHACHT Exhibit No.36

I.

Dr. SCHACHT, as I could ascertain from numerous conversations, was always a convinced opponent of war. He was convinced that there was no problem of foreign policy, which could not be patiently and adroitly solved by negotiations.

During the first years of the Nazi regime, particularly 1934 and 35, I frequently spoke to him about the fears which prevailed in England that the armament carried on in Germany could lead to war. He contested this interpretation most emphatically and explained that it was just the unilateral disarmament of Germany which constituded a threat of war, as became clearly obvious on the occasion of the Ruhr conflict. He considered rearmament within certain limits as the only mean to reestablish the disturbed balance and to induce the other European powers to participate in a limitation of armaments, which they had shunned contrary to the Versailles Treaty.

In 1937 or 1938 Dr. SCHACHT remarked to me that in his opinion the necessary stage of German rearmament had been reached. Therefore he did not consider himself able any longer to finance further rearmament by means of credit. After full employment of the German economy had been achieved by the credit-policy of the Reich Bank, any extension of the credit-volume would have inflationary effects. If rearmament would be expended inspite of this, with the previous financial means, this could only be explained if a war in the near future was being considered by authoritative persons. This he wanted to prevent by all means, and therefore he refused to make further means of credit available.

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Schacht Exhibit No. 36

Dr. Schacht always regarded the passage in his letter of dismissal mentioning only his co-operation during the "first phase of rearmament" a confirmation that this conception of his was also understood by HITLER. In Winter 1938 the contrast became so acute that Dr. SCHACHT told me at that time under the seal of strictest secrecy that he was to be murdered by order of the Party. He had been warned by a friend, however, and thus escaped the attempt. He told me later that the murder was to have been carried out by Mr. von dem BACH-ZELEWSKY.

II.

Dr. SCHACHT always advocated the interpretation that the resumption of Germany's activity in colonial policy would be of the greatest importance for the maintenance of peace. In that connection he thought less of restitution of the former colonies than of the cession of a relatively small colonial territory to Germany, possibly in the form of a lease to a German Chartered Company. He based this conception on the conviction that a solution of the colonial problem could be attained much more readily by means of negotiations than a realization of possible European desires a la HITLER. He, therefore, made repeated attempts to influence HITLER in this direction and thought he had approached this objective, when he received from him the authorization to negotiate with the French and British Governments along this line. When these negotiations at first failed because of British opposition, he was naturally disappointed, but he remained convinced that England would change her attitude sooner or later and that German colonial desires would be satisfied, by means of negotiations.

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SCHACHT Exhibit No 36

III.

When Dr. SCHACHT, early in 1938 had gained the impression, that HITLER possibly was holding his course towards war, he repeatedly remarked to me in conversations, that he now considered the elimination of HITLER as the only possibility for salvation. At any rate he was very skeptical about the possibility of influencing the army toward such action, as he considered the majority of the Generals as "careerists" without character, who had lost all their sense because of the professional possibilities offered to them. It appeared doubtful to him, that the few exceptions as BECK, WITZLEBEN, FALKENHAUSEN and others could overcome this current.

He was always very reserved towards me in respect to his concrete plans and activities in this direction, because, as he once told me explicitly he did not want to imperil me and my family unnecessarily. Nevertheless on several occasions I found out something about this. So Mr. GISEVIUS once told me in August or September 1938 / that the plan was planned to do away with HITLER by means of a Wehrmacht coup d'e'tat." I informed Dr. SCHACHT. of this who confirmed it with the remark that he had discussed this plan with General von WITZLEBEN but that the undertaking had unfortunately been thwarted because of the failure of the Wehrmacht Generals.

On the day before the attack on Poland, I was at the home of Dr. SCHACHT with Dr. Gisevius.. We discussed, whether there was still a possibility to avert the catastrophe. In order to obtain further information, we went together to Colonel OSTER and on the basis of thorough examination of the situation reached the conclusion that an attempt had to be made to induce the Commander in Chief of the Army,

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SCHACHT Exhibit No. 36

General von BRAUCHITSCH, to refuse to execute the Fuehrer's order to attack. Dr. SCHACHT was at that time ready to throw the weight of his name and reputation into the scale for such a step and to go to BRAUCHITSCH personally. At the instance of Colonel OSTER contact was first to be made with Admiral CANARIS. This was done. Admiral CANARIS, however, stated that this step was entirely hopeless, considering the attitude of von BRAUCHITSCH. BRAUCHITSCH would undoubtedly have Dr. SCHACHT and his companions arrested. The plan was then dropped, although with heavy hearts, in the hope that further possibilities of interference might present themselves later on when the reverses, which were unavoidable in the long run, had set in. Dr. SCHACHT during the whole war remained in continual contact with OSTER and the military circle of the opposition through his friends Mr. GISEVIUS and Capt. STRUENCK. He had several times met General von BECK personally, as he himself told me. He had a very high opinion of him. Finally General von BECK was again at his home early in June 1944. This was told to me by my wife on the occasion of a visit, which she was permitted to pay me while I was in custody of the Gestapo at RAVENSBRUECK.

From hints in remarks in his letters I deduced that he expected a speedy change.

Dr. SCHACHT had also met GOERDELER. I personally participated in a discussion of several hours in August 1941 which took place in the home of Capt. STRUENCK in which SCHACHT, GOERDELER, Mr. and Mrs. STRUENCK, GISEVIUS and I took part. In the course of this discussion

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the possibility of eliminating HITLER was discussed in all details and it was decided that Mr. GOERDELER should again make contact with General HALDER, in order to assure his cooperation and to discuss the manner and timing of the performance.

Mr. SCHACHT, however, due to his general anti-militaristic attitude was rather sceptical, whether the military men would exploit the opportunity which at that time was undoubtedly favorable (a military action against the Fuehrer Headquarters at the beginning of winter was being considered).

His scepticism was unfortunately justified and the possibilities of an active undertaking were again strongly curtailed for a longer period by the removal in December of von HALDER and other generals of the opposition.

IV.

I affirm in lieu of oath the truth of my declarations.

V.

I bear the expenses and request 3 copies.

Read by the notary, approved by the party concerned and signed by his own hand.

Albert HILGER van SCHERPENBERG

Dr. NOBIS, notary

(LS)

Above copy, corresponding with the original is hereby submitted on request to

Mr. HILGER van SCHERPENBERG, Oberregierungsrat in the Bavarian Ministry for Economics, residing at MUNICH, Wolfratshauserstr.28, as party concerned.

Munich, 14 February 1946 .

Notary: signed Dr. NOBIS.

(LS)

H0798 - 0045

SCHACHT Exhibit No. 36

I hereby certify that the above notarized, recorded sworn statement of Oberregierungsrat HILGER van SCHERPENBERG of 14 February 1946 is a verbatim copy of the original.

Nuernberg, 21 March 1946

Dr. jur. Herbert KRAUS

Professor of Jurisprudence

H0798 – 0046

Filed May 3, 1946

(Page 149 of orig.)

SCHACHT Exhibit No. 37 A

Notarized and sworn statement

of Reich Bank Director

ERNST HUELSE

on 7 March 1946

H0798 - 0047

SCHACHT Exhibit No. 37 a

Notarized and sworn statement of

Reich Bank Director Ernst HUELSE

of 7 March 1946

Document Register No. 1217/1946

1st copy

Taken up in the Hanseatic city of HAMBURG on 7 (seven) March 1946 (nineteen hundred forty six)

Before me, the undersigned notary public Dr. Gottfried WAENTIG there appeared today in the conference room of the DRESDENER BANK in HAMBURG the Reich Bank Director Mr. Ernst HUELSE, born on 27 July 1881, at present living in HAMBURG-WANDSBECK, Claudiusstrasse 68 identified by passport No. 1341, issued in BASEL by the German Consulate General on 25 August 1935 and gave the following affirmation in lieu of oath concerning the case of Dr. SCHACHT with whom he states under oath he is not related by blood or marriage.

1. On 1 July 1935 I first returned from BASEL, where, since 1 May 1930 I had occupied the position of Assistant General Director of the B.I.Z. (Bank for International Payments) to HAMBURG, as member of the Reich Bank Board of Directors. Prior to my return all basic decisions regarding the cooperation of the Reich Bank in financing rearmament had already been made. Therefore I can say nothing about the discussions and developments that resulted in the intervention of the Reich Bank in financing rearmament. About the events from 1 July 1935 until my dismissal by HITLER from duty with the Reich Bank on 20 January 1939, I only

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Schacht Exhibit No. 37a.

was informed inasmuch as they pertained to the sphere of activity of the Reichsbank. I have never had any connection with the leading circles of the NSDAP as I was not a member of the Nazi party and was always persona ingrata there.

2. It is beyond doubt that Dr. Schacht made himself available for the financing of rearmament. and that for economic and political motives.

As Dr. Schacht, after Hitlers seizure of power in spring 1933, took over the post of President of the Reichsbank, it was impossible for Schacht - as Dreyse, who was at that time Vice-President of the Reichsbank, told me - to refuse the participation of the Reichsbank in the rearmament of the Third Reich. Germany then had several million men out of work to whom Hitler had promised re-employment. To my knowledge, Hitler in his speec always took the point of view that unlimited money and credit must be poured in as long as labor forces and raw material were lying fallow. In nearly all the countries of the world, the credit of the Issuing Bank woul then be utilised for the creation of work. The plans for the creation of work, begun under Bruening's Government, slightly decreased the number of unemployed. Hitler therefore looked around for new measures and decided on the construction of motorways and rearmament measures which in Italy successfully diminished the number of unemployed.

Although, Dr. Schacht was always of the opinion that Germany should remain neutral in an expected warlike conflict, he thought

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he also thought that Germany will have her neutrality and respect for her right to life prevail only through a corresponding rearmament.

3. In my opinion, however, Dr. SCHACHT was sobered about his part in the financing of the armament program. When, after my return from BASEL to the Reich Bank, I had a general view of matters at the Reich Bank and expressed my astonishement at the existing extensive promises of discount of the Reich Bank in armament financing, Dr. SCHACHT replied that he already had brought me back from BASEL because he thought I was the right man to help him get the Reich Bank out of armament financing.

The endeavors of the Reich Bank under the direction of Dr. SCHACHT were in reality continuously directed toward getting away from the financing of armament. The first Reich Loan (Reichsanleihe) was presented to the public for subscription in the autumn of 1935 already, and the proceeds served to take up rearmament drafts. After that the issue of public Reich Loans took place about every 6 months. The intention was to keep the public constantly informed that large amounts were being spent for armament and also, of course, to enable the Reich Bank gradually to get out of this financing completely. A "Camouflage" of German rearmament could no longer be spoken of after the autumn of 1935. The domestic and foreign press from the beginning of 1936 had occupied itself in detail with the extent and the methods of the German financing of armament.

The Reich Bank further invested in the field of the money and Capital market policy that these markets should not be liquidated, thus rendering any procurement of money more difficult. The armament industry was as far as possible not admitted to the loan market at all, in order to prevent it from extending its capacity too much.

H0798-0050

 Schacht Exhibit No. 37a.

Since 1936 Schacht then repeatedly tried, by representations to Hitler and other leading authorities, to arrive at a stoppage of the manufacture of armaments, but for a long time without result. Schacht wished to finance the commencement of rearmament, he believed that in this way he could control development and keep it within bounds. He felt himself more and more deceived by Hitler and contininously sought a way out of the Reichbank's gradually unbearable situation. Finally at the beginning of 1938, it was possible to withdraw the Reichsbank from the financing of armaments. The armaments expenses were from that time not solely by the Reich Finance Minister, who issued so-called "Bearer Treasury Bonds" ("Lieferschatzanweisungen"), which could neither be discounted nor deposited at the Reichsbank.

Even if the Reichsbank had nothing more to do directly with armaments from 1938, nevertheless the ever increasing long and short term issues by the Reich reacted on the status of the Reichsbank in such a way that her discountable Stock Exchange securities no longer found a sufficient market, flowed back to the Reichsbank and increased its circulation of bank notes.

Further serious moments approached. Until after the Munich Conference, Schacht considered that peace was assured. As, however, shortly thereafter Hitler made an aggressive speech against foreign countries and Chamberlain announced the hasty rearmament of England, Schacht saw the collapse of all hopes for th the maintenance of peace. He mentioned at a meeting of the Reichsbank Directorate that he and his associate members would have to enforce their dismissal. This then took place, for Schacht and a few associate members, in January 1939.

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by reason of a memorandum, which in its form had to remain within the framework of currency arguments but which, in a figurative sense, stressed the end of rearmament, and was also thus understood by Hitler.

In the German Official press, the reason given for the dismissal of Schacht and of the members of the Reichsbank Directorate was, as far as I know, that the old reactionary Directorate must be replaced by a National-Socialist one and, furthermore, that the Reichsbank's money and capital market policy must be changed.

The foreign press drew the correct conclusions from the dismissal and interpreted it as a warning signal. In agreement with Dr. Schacht, I had on various occasions and as late as the end of 1938 spoken in this sense in repeated conversations with representatives of foreign Issuing Banks, whom I met at the Board Meetings of the Bank for International Payment (B.I.Z.), that the resignation of Schacht and the individual members of the Reichsbank Directorate would mean that things in Germany were following a dangerous path.

4. The heads of the Reichsbank were not informed of the progress of rearmament, of its military importance and significance. Schacht always expressed his conviction that armament was managed with pointless extravagance, quackery and without plan or intelligence. Even when Hitler began the war against Poland in September 1939, Schacht, on the occasion of a meeting of the released members of the Reichsbank Directorate, expressed the view that our armament was incomplete and quite unsuitable for a war of aggression and that Germany could in no way start it against a military power like Poland, let alone against a coalition.

H0798-0052

Schacht Exhibit No. 37a

He believed that the war would end in three weeks with the collapse of the German army.

With an attitude and a judgement of things such as this, Schacht could not be further removed from anything than from the planning of a war of aggression. At heart, Schacht was always a pacifist. Everyone who knew him will be able to confirm this. Had Schacht really participated in a plan for war, it would have been utterly absurd for him to walk out just at the moment when the possibility of a war arose. He would then have frustrated his former dealings and plans.

I testify on oath to the truth of my above statements. I am acquainted with the significance of such an attestation.

This protocol, the original text of which has been left with me, has been written down, read out, approved by the participants and signed as follows by their own hand, also signed and sealed by me the notary.

(sgd.) Ernst Huelse
(sgd.) Dr. Waentig LS

Value RM 3,000

Fee, clause 26, 43 RM 16.--

clause 52 8.--

Turnover Tax 0.48

RM 24.48

The above first copy is handed to Reichsbankdirektor Ernst Huelse.

Hamburg, 7th (seventh) March 1946 (nineteen hundred and forty-six).

LS sgd. Dr. Waentig

I hereby certify that the document reproduced above is a verbatim rendering of the notarised and sworn statement of Reichsbankdirektor Ernst Huelse.

Nuremberg, 30th March 1946

Dr. jur. Herbert Kraus

Professor of Jurisprudence.

H0798-0053

Filed May 3, 1946

(Page 156
of Orig.)

SCHACHT Exhibit No. 37 B

Statement affirmed in lieu of oath by Reich Bank Director Ernst HUELSE on 8 April 1946, supplementing his statement made 7 March 1946.

H0798-0054

SCHACHT Exhibit No. 37 B

Statement affirmed in lieu of oath by Reich Bank Director Ernest HUELSE on 8 April 1946, supplementing his statement of March 1946.

Nuernberg, 8 April 1946.

To the statement made under oath on 7 March 1946 before Notary Dr. Gottfried WAENTIG, I wish to add the following explanations to the declarations under No. 3.

Certain leading political circles in the U.S.A. apparently had an interest in the dismissal of SCHACHT on 20 January 1939. I draw this conclusion from a conversation which as far as I can remember I had shortly before the war between Germany and Russia, with a gentleman of the U.S. Embassy in Berlin upon the occasion of a reception at the house of Governor SCHNEE (retired). As a short note on this conversation was burned, together with other notes, when my house was bombed (December 1943), the exact wording of this long past conversation the date and other details no longer remain accurately in my memory. As far as I can remember, the occurrence was enacted as follows:

At said reception the wellknown Mr. WOOD, at that time financial Attaché at the U.S. Embassy and at present, as far as I know, Consul General in Zurich, introduced me to the also present leading gentleman of the U.S. Embassy in Berlin. At the introduction I did not pay attention to the name. Whether it was the then Charge d' Affaires of the U.S. Embassy, KIRK, I cannot say for certain, as Mr. KIRK was not known to me personally. I also unfortunately neglected after the conversation to

H0798-0055

inform myself as to the identity of the gentleman in question, as I was immediately drawn into conversation by other gentlemen then present and the gentleman from the U.S. Embassy left the house during this conversation.

The conversation as far as I can remember ran as follows:

Mr. X asked first whether Dr. SCHACHT could be met in Berlin then or in the next few days. Then I said that as far as I knew SCHACHT was in Munich or Southern Germany and that his return was not to be expected for some time, the conversation turned to the retirement of SCHACHT and a number of members of the Reich Bank Board of Directors. To the question as to the reasons for the dismissal by HITLER, I replied that the official press had already given several reasons. I requested understanding of the fact that I could not say anything beyond that. Thereupon Mr. X replied that it would be very well, in the interests of the necessary resumption of relations between the U.S.A. and Germany after the war, if there were at the end of the war some prominent people in Germany against whom, in the eyes of leading personalities of his country no charges could be laid. For this reason he welcomed the retirement of Dr. SCHACHT and of the members of the Reich Bank Board of Directors. Then he expressed his regret that he probably would have no opportunity to speak to SCHACHT within a reasonable time. He requested me to convey greetings to him and incidentally to inform him of our conversation. I believe, when he requested conveyance of greetings he added "in the name of President ROOSEVELT", but I could not swear to that now.

H0798-0056

SCHACHT Exhibit No 37 B.

I affirm in lieu of oath the correctness of my above statements.

(signed) Ernst HUELSE

Doc.R.No.58

The authenticity of above signature of Mr. Ernst HUELSE, Director of the Reich Bank, in Hamburg-Wandsbeck, Claudiusstrasse 68 is hereby certified as having been affixed in my prosence.

Director HUELSE identified himself personally to my satisfaction by presentation his official travel passport.

Nuernberg on the ninth day of April nineteenhundred and forty six.

Costs:

Notary fee par.39 KO 4.--

Sales tax 0.12

4.12

paid

(signed) Dr. BECKER
Notary

LS

I hereby certify that the document reproduced above is a literal rendering of the statement made in lieu of oath by the Reich Bank Director Ernst HUELSE on 8 April 1946.

Nuernberg 16 April 1946

Dr.jur. Herbert KRAUS
Professor of Jurisprudence

(Page 160
of Orig.)

SCHACHT Exhibit No.37 C

Filed May 1, 1946

attested statement in lieu of oath of Reich Bank Director Ernst HUELSE given on 8 April 1946 to supplement his statement given on 7 March 1946.

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(Page 161 of orig.)

SCHACHT Exhibit No. 37 C

Attested statement in lieu of oath
of Reich Bank Director Ernst HUELSE
given on 8 April 1946 to supplement
his statement given on 7 March 1946.

Nuernberg, 8 April 1946

To the statement in lieu of oath made before notary Dr.Gottfried WAENTIG on 7 March 1946, I would like to add to the statements under paragraph 4 the following supplementary explanation:

I recall several occasional talks with Dr.SCHACHT(in the years 1935 - 1939) concerning war and armament. During these talks he always expressed his aversion toward any war and any war-like conduct. He represented the firm viewpoint, that a war would bring even the winner only disadvantages and that a new European war would on the whole be a crime against culture and humanity. He hoped for Germany for a long period of peace which she needed more than other countries in order to improve and stabilize its unstable economic situation.

To my knowledge until early in 1938, Dr.SCHACHT in meetings of the Reich Bank Board of Directors and in private conversations on the subject of armament spoke only of defense measures. I believe I can recall that he told me in the middle of the year 1938 that HITLER's provocative measures against Austria and the Sudeten country would from the military standpoint have been worse than thoughtless.

H0798-0058

H0798-0059

SCHACHT Exhibit No. 37 c

Germany had only undertaken a defensive armament which would be entirely insufficient for a defense against the attack of a great power, on which HITLER would have had to count. He had never heard that the Wehrmacht would be in any way suitable and equipped for a war of aggression.

When the war broke out and kept spreading he frequently stated that he had been greatly disappointed in his judgment of the personality of HITLER. He had hoped for a long time that HITLER would develop into a real statesman who after his experiences in the World War would.

I affirm in lieu of oath the truth of above statements.

signed:

Ernst HUELSE

Document page No 59

I certify the authenticity of the signature of Reich Bank Director Mr.Ernst HUELSE in HAMBURG - WANDSBECK, Claudiusstrasse 68, appearing on preceding page which was made in my presence.

Director HUELSE identified himself to me by presenting his official passport.

Nuernberg 9 April 1946

signed Dr. BECKER

Notary

costs:

Notary cost par.39	4.--
tax	-.12
paid	4.12

***

I certify that the document copied above is a literal copy of the certified statement in lieu of oath of Reich Bank Director Ernst HUELSE of 8 April 1946.

Nuernberg 16 April 1946

Dr.jur.Herbert KRAUS

Professor of Jurisprudence

H0798-0060

Filed May 3, 1946

(Page 163 of orig.)) SCHACHT Exhibit No. 38

Certified and sworn testimony

of General of the Infantry Georg THOMAS

20 February 1946

H0798-0061

SCHACHT Exhibit No. 38

Certified and sworn testimony of General
of the Infantry Georg THOMAS on 20 February 1946.

I, Georg THOMAS, General of the Infantry, retired, born 20 February 1890 in FORST (Lausitz) herewith reply to the questions put to me under oath as follows:

1.) Question: SCHACHT claims to have influenced BLOMBERG to retard rearmament Can you give information on this matter ? When was it ?

Answer: I was Chief of the Army Economic Staff or of the Army Economic and Armament Office of the Supreme Command of the Wehrmacht (OKW) from 1934 to the time of my dismissal on January 1943. In this capacity I had connections with the Reich Minister for Economics and Reich Bank President Hjalmar SCHACHT. Undoubtedly until 1936 SCHACHT promoted rearmament by making available the necessary means. From 1936 on he used every opportunity to influence BLOMBERG to reduce the tempo and extent of the armament. His rea were as follows:

1. RISK to the currency.
2. Insufficient production of consumer goods.
3. The danger to foreign policy which SCHACHT saw in excessive armament for Germany. The last point frequently caused him to indicate repeatedly to BLOMBERG and me that by no means must the armament lead to a new war.

H0798-0062

 SCHACHT Exhibit No. 38

These were also the reasons which led him to threaten BLOMBERG with resignation in 1936 and again in 1937. Both times I was delegated by BLOMBERG to influence SCHACHT not to carry out his threat of resignation, I was present during the conference between BLOMBERG and SCHACHT in 1937.

2. Question: Did SCHACHT otherwise represent similar ideas before members of the army ?

Answer: I myself was a witness, that SCHACHT in his speeches before the Wehrmacht Academy kept referring to the fact that Germany for economic reasons cannot wage a new war and taking this into consideration, armament has to be kept within the necessary limits.

3. Question: What do you know about SCHACHT's contemplated visit to the Headquarters in ZOSSEN at the end of August 1939 ?

Answer: In August 1939 - on the eve of the time which was at first fixed for attack on Poland, - SCHACHT together with General OSTER and Dr. GISEVIUS came to my residence and begged me, to try once more together with him to prevent the contemplated attack on Poland. We drove that very night to Admiral CANARIS in order to call on General HALDER with him and thus to win him at the last minute for the coup d'etat (Staatsstreich) and by so doing to prevent the campaign. We heard from CANARIS that the time fixed for attack had been postponed.

H0798-0063

SCHACHT Exhibit No. 38

Thereupon SCHACHT made himself available for every meeting with HALDER, which CANARIS and I contemplated for the prevention of the war.
On 27 November 1939 when by order of BECK, GOERDELER and POPITZ I visited HALDER to win him for this coup d'etat HALDER told me that SCHACHT also has offered himself to see BRAUCHITSCH, in order to explain to him the dangers of a new World War upon continuance of HITLER's policies. Thereupon I visited the adjutant of BRAUCHITSCH and asked him to receive SCHACHT. The planned meeting could not be carried out, as BRAUCHITSCH had refused to receive SCHACHT.

4 Question: Did SCHACHT want war ?

Answer: I kept up contact with SCHACHT even after the dismissal of SCHACHT in my capacity as Plenipotentiary for Economics. He always had told me , that everything would have to be done to finish the war, but that this would be possible only if the leading Generals would finally decide to do away with HITLER GOVERNMENT.

FALKENSTEIN, Taunus 20 February 1946.

signed: Georg THOMAS

Georg THOMAS

General of the Infantry, retired

Subscribed and sworn to before me at FALKENSTEIN in Taunus, Germany, this 20 th day of February 1946.

signed: Richard A. GUTMAN

Richard A. GUTMAN, 1st Lt. AUS.

H0798-0064

(Page 167 of Orig.)

SCHACHT Exhibit No. 38

I certify hereby that the document reproduced on the preceeding pages is a literal rendering of the authenticated and sworn testimony of General of the Infantry Georg THOMAS on 20 February 1946.

Nuernberg, 16 March 1946

Dr. jur. Herbert KRAUS

Professor of Jurisprudence.

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(Page 168
of Original)

Filed May 2, 1946

SCHACHT Exhibit No. 39

Certified deposition in lieu of
oath by Colonel Hans GRONAU
of 14 March 1946

H0798-0066

SCHACHT Exhibit No.39

Certified deposition in lieu of oath by

Colonel Hans GRONAU

on 14 March 1946

Affirmation in lieu of oath.

In the knowledge of the fact that this deposition is meant for the Nuernberg Tribunal, I, the undersigned, the former Colonel of the German Luftwaffe H. GRONAU, declare in lieu of oath as follows before the attorney-at-law Dr. Curt WESSIG, who certifies this protocol with his signature:

I have conscientiously gone over the questions which Professor Dr. Herbert KRAUS, Dr. SCHACHT's defense counsel, put to me in the case of Dr. SCHACHT and I answer them as follows:

Question 1) Since when have you been on more friendly terms with SCHACHT?

Answer 1) I made SCHACHT's acquaintance through his son Jens on his estate in 1937 and met him often in the following years. In 1943 he made me god-father of his youngest daughter.

Question 2) Was SCHACHT in favor of HITLER's policy as it had developed through the years?

Answer 2) Fairly soon after we had become acquainted Dr. SCHACHT confided in me and expressed himself with surprising frankness against HITLER's policy.

Question 3) Did SCHACHT approve of HITLER's war policy in particular or did he oppose it?

Answer 3) No, he opposed it. I recall one particular incident. One evening in his home we listened to the English news; it was on the day of the invasion of Norway.

H0798-0067

SCHACHT Exhibit No. 39

With each report of additional German shipping losses Dr. SCHACHT slapped his legs for joy and cried "that much faster we will be rid of the fellow and the war will come to an end."

Question 4) Did you know that SCHACHT was ready to do away with HITLER, if necessary by force?

Answer 4) No.

Question 5) You brought SCHACHT and General LINDEMANN together. When was that?

Answer 5) In the fall of 1943 for the first time in years I saw General LINDEMANN again, my former school and regiment comrade. While discussing politics I told him that I knew SCHACHT well, and General LINDEMANN asked to be introduced to him, whereupon I established the connection.

Question 6) What did LINDEMANN expect from SCHACHT, and what was SCHACHT's attitude toward him ?

Answer 6) The taking up of political relations with foreign countries following a successful attempt (presumably on HITLER's life - translator). He promised his future cooperation. At the beginning of 1944 LINDEMANN made severe reproaches, blaming the generals for hesitating too long. The attempt would have to be made prior to the invasion by the Allies.

Question 7) Was LINDEMANN involved in the attempted assassination of 20 July 1944 ?

Answer 7) Yes, he was one of the main figures.

Question 8) Did he inform SCHACHT of any details of this plan?

Answer 8) Nothing about the technical end of the attempt; he did inform him, however, on what was to happen thereafter.

Question 9) Did SCHACHT approve the plan?

Answer 9) Yes.

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SCHACHT Exhibit No. 39

Question 10) Did SCHACHT put himself at the disposal of the military in the event the attempt succeeded?

Answer 10) Yes.

Question 11) Were you arrested after 20 July 1944?

Answer 11) Yes.

Question 12) How were you able to last through your imprisonment?

Answer 12) By stoically denying complicity.

Hamburg, 14 March 1946

(signed) Hans GRONAU

I herewith certify the correctness of Colonel GRONAU's signature.

Hamburg, 14 March 1946

(signed) Dr. Curt WESSIG

I certify herewith that the above document is a true copy of the certified deposition in lieu of oath of Colonel Hans GRONAU of 14 March 1946.

Nuernberg, 27 March 1946

Dr. jur. Herbert KRAUS

Professor of Jurisprudence

H0798-0069

(Page 172
of original)

filed May 1, 1946

Schacht Exhibit No. 40.

Sworn statement, attested by a notary,

of Kammerdirektor (retired) Dr. Phil.

Dr. Jur. Walter Asmis

dated 13 March 1946.

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(Page 173
of original)

Schacht Exhibit No. 40.

Sworn statement, attested by a notary,

of

Kammerdirektor (retired) Dr. Phil. Dr. Jur.

Walter Asmis

dated 13 March 1946.

Subject Dr. Schacht.

Deposition of Kammerdirektor (retired) Dr. phil. Dr. Jur. Walter A s m i s, Obernkirchen (County of Schaumburg), Eilserstr. 506, at the Nuremberg Trial in reply to the following questions:

1.) You were employed at the Reich Ministry of Economics when Dr. Schacht left this Ministry?

What can you say about the particulars of his departure and how did Dr. Schacht express himself at that time regarding this?

2.) Do you remember any other statements or actions by Dr. Schacht which have reference to his relationship to the Party and its leadership ? If so, please state these.

Deposition.

A. Personal Details.

In the year 1933,I was removed by the National Socialist Government, immediately after their coming into power ("Machtuebernahme") in a particularly spiteful manner, from my office as Managing Director of the Chamber of Agriculture for the Province of Sachsen zu Halle (Saale) on account of my opposition to the political agitation of the Party. I was taken from my office and put under arrest without indication of any reasons, was most severely insulted publicly and was involved in much disciplinary and criminal procedure.

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Schacht Exhibit No. 40.

During the irksome proceedings which dragged out for a little over two years, I and likewise those of the people working with me who were also arrested were in all instances acquitted 100 % by the Courts. In the meantime, however, our posts had been filled by other people. I myself, despite repeated complaints addressed to the Prussian Prime Minister, was finally compulsorily pensioned off by the Prussian Minister of Agriculture by a misuse of the "Law for the reinstatement of professional Civil Servants" ("Gesetz zur Wiederherstellung des Berufsbeamtentums"). This whole struggle took place for the most part publicly, and, because of my position as an influential official of the biggest German Chamber of Agriculture, a wide circle. of people was affected.

As a result of this situation, I came in the summer of 1935 to Dr. Schacht, at that time acting as Reich Minister for Economic Affairs, whom I had known for many years. It at once characterizes Schacht's attitude to the Party and its methods that, despite serious public charges during the above-mentioned struggle, whilst even t. the persons who formerly worked with me were forbidde to have any intercourse with me or even to greet me, he, without any hesitation, offered me a position in the Reich Ministry of Economics.

My duties were to be : to observe constantly and critically the measures and public announcements of the Party and of the agrarian leadership and to keep Minister Schacht informed with completely unbiassed objectivity of the <u>true</u> state of things in the sphere of agricultural and food economy. Dr. Schacht wished to have this information as he did not trust the various prejudiced colored reports

H0798-0072

from that side.

He wished in this way to prevent unpleasant surprises by the agrarian sector which otherwise would only too easily have had serious repercussions on the rest of economy, for example through the necessity for making foreign currency available for the import of foodstuffs.

Entrusted with this task, which likewise was evidence of Dr. Schacht's inner reservations regarding the Party, I remained in the Reich Ministry of Economics up to his relinquishing his post in the year 1937 and immediately thereafter I myself left.

I never belonged to the NSDAP or any of its branches.

B. In answer to the questions.

Owing to the fact that we have been acquainted for many years, Dr. Schacht, during the time I was working in the Reich Ministry of Economics, often made very frank statements to me when we were alone together, with regard to his attitude to the Party and its leadership. I repeat the following statements made by Dr. Schacht, as far as I can remember them. They are given in chronological order as in that way they can be better understood. I therefore do not come to Schacht's dismissal from office until the end.

1. Schacht's determination not to let himself be made the tool of the Party was made evident in that he issued circular orders for the internal service of the Ministry, according to which, those working there (Mitarbeiter) were in no case to show that they were tractable to direct pressure from the Party, but were only to pay attention to the directives issued by him as the responsible Minister.

2. In 1935, that is at the beginning of period during which I was working in the Ministry, Schacht aswered my question as to whether he himself felt he was attached to the Party, with a gesture of complete negation. "Good Heavens, one would have to give up every human dignity".

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Schacht Exhibit No. 40.

3. When he was later awarded the Golden Party Badge (das goldene Parteiabzeichen) and I asked him shortly afterwards - congratulating him somewhat ironically - whether he was now going to wear it, his answer was again a complete denial: "It will be quite safe in the drawer."

4. When Dr. Schacht, in Winter 1936/37, returned from several attempts he made to show the Reich Chancellor, by means of short memoranda, the serious economic development, disappointed because of Hitler's unwillingness to listen properly to these statements, I expressed doubts as to Hitler's good will and person. Dr. Schacht rejected this in these words: "I wouldn't go as far as that" and he added as an afterthought, as if he wished to banish rising doubts: "otherwise, all our work here would have lost its point."

5. When, a few months later, Dr. Schacht became less and less pleased with the whole line of development which Germany was following under the Party leadership, he told me of his idea of ostentatiously giving up his work in order to register his protest. He, however, added: "What would be the use? I would then simply be shot and the next day there would be a notice in the newspaper that I had unfortunately been the victim of a motor accident

6. These individual statements, which I remember in their exact words because of their significant and, for Dr. Schacht, typical wording, correspond to the whole attitude of Dr. Schacht to the Party and to its leadership, as it was represented to me by him at other times also during this period. He obviously at first believed in Hitler's good will,

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however, at least from 1935 onwards, he had increasingly stronger doubts about the methods of the Party and its whole tendency and again and again tried with all his might to counteract it. When this remained unsuccessful and the development continued on lines which he knew to be wrong, in Autumn 1937, that is long before the outbreak of war, he, as an upright man, drew his own conclusions and resigned from his post as Reich Minister for Economic Affairs and therefore from his share of responsibility. Obviously, he could not relinquish office in the normal way, because the Party needed his name for reasons of prestige. So, in Autumn 1937, he simply stayed away from the offices of the Reich Ministry of Economics for weeks on end. He started the "sitdown strike" as it was called as a joke in the Ministry and went in an official capacity only to the Reichsbank, until he was released. I do not remember having heard Dr. Schacht say what, actually, gave him the final/direct impulse to retire from office as Reich Minister for Economic Affairs.

7. With reference to the indictment on account of the preparation of wars of aggression, I would expressly like to state that during the period that I was working in the Reich Ministry of Economics I never heard the slightest mention, either from Dr. Schacht personally or from any other colleague, of anything that could have implied knowledge of aggressive intentions of any kind.

8. In the years 1938/39, I hardly saw Dr. Schacht, on account also of my own fairly long trips abroad.

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Schacht Exhibit No. 40.

In February 1940, that is, after the conclusion of the Polish campaign and before the campaign in the West started, I visited Dr. Schacht once in his house in Berlin. In the course of conversation, I asked him whether he was now living completely as a private individual or whether he had been drawn in some way into assisting with the leadership. Dr. Schacht answered with biting irony: "As Reich Minister, I have yet to miss a meeting of the Reich Cabinet, however, the last meeting was in February 1938."

As was evident from his further statements, he had obviously already been excluded long before the outbreak of war.

Since this discussion in February 1940 I did not again see Dr. Schacht during the further course of the war nor had any direct connection with him again.

The accuracy of the above statements I hereby affirm by statutory declaration.

No. 103 Document Register 1946.

I herewith certify the three signatures made in my presence, on the three preceding pages by/following person personally known to me

Kammerdirektor (retired) Dr. Phil. Dr. Jur. Walter Asmis in

Obernkirchen

Eilser Strasse No. 506.

Obernkirchen. 13 March 1946.

Signed: Lodtmann

Notary.

(L.S.) (L.S.)

Charges

Value 5.000 Rmark

Fee, Clause 39 R.K.O. 5.66 RM

Notary: signed Lodtmann

(LS)

H0798-0076

Schacht Exhibit No. 40.

I hereby certify that the document reporduced above is a verbatim rendering of the notarised and sworn statement of Kammerdirektor (retired) Dr. Phil. Dr. Jur. Walter Asmis dated 13 March 1946.

Nuremberg. 25 March 1946.

Dr. Herbert Kraus

Professor of Jurisprudence.

H0798-0077

(Page 180
of Original)

filed May 3, 1946

SCHACHT Exhibit No. 41

Certified sworn statement

of the retired State Secretary

Carl Christian SCHMID

of 19 March 1946.

H0798-0078

SCHACHT Exhibit No. 41

Certified sworn statement of the
retired State Secretary Carl Christian SCHMID
of 19 March 1946.

Dr. jur. ISERMEYER
Attorney-at-Law and Notary
Military Government 511.

BASSUM, 19 March 1946

Before me, the Attorney-at-Law and Notary, Military Government 511, Dr. Jur. ISERMEYER, today appeared the retired State Secretary Carl Christian SCHMID, known to me personally, and made the following statements inlieu of oath:

Carl Christian SCHMID, former State Secretary of the occupied Rhenish territories and Reichstag representative of the People's Party (Volkspartei), in BERNAU (BADEN) OBERLEHEN No. 112, born 9 May 1886 in OSNABRUECK, religion: Protestant.

Concerning the indictment against the former President of the Reich Bank Dr. SCHACHT I state the following:

My acquaintance with Dr. SCHACHT goes back 22 years. In November 1923 I was called in by my political friend, the then Reich Chancellor Dr. STRESEMANN, when Dr. SCHACHT was selected as Reich Currency Commissioner against other candidates and met him regularly afterwards in the sessions of the Cabinet and other government meetings. Closer political and personal relations between us developed after 1930, since in the economic and financial crisis which was beginning, SCHACHT's experience was of the greatest value to me as a deputy of the German People's Party in the Reichstag until 1932. This contact became still closer in the spring of 1933 when we were both reactivated. Dr. SCHACHT as president of the Reich Bank and I as president

H0798-0079

of the government district of Düsseldorf, economically the most important in Germany, with 4½ million inhabitants. In the two years preceding the war and during the war itself we constantly had confidential talks, so that I know SCHACHT's attitude perfectly.

Dr. SCHACHT did not belong to the circle of those immediately concerned in preparing the way for the HITLER regime, although he was occasionally consulted and also had undertaken a private journey to America, in order to win understanding there for the so-called national opposition. When the BRUENING Cabinet, which had been arranged by General von SCHLEICHER, was torpedoed by SCHLEICHER himself, SCHACHT considered the early appointment of HITLER as head of the government to be unavoidable. He pointed out that the great mass of the German people said yes to National Socialism and that the Left as well as the "Zentrum" had come to a state of complete passive resignation. The short life of the transition cabinets of PAPEN and SCHLEICHER was clear to him from the very beginning. SCHACHT decisively advocated cooperation of men of experience in their fields with National Socialism, without accepting its program as a whole, which he always referred to ironically and later frequently called it -"a really bestial ideology" when talking to me. But he held that the influencing of developments from important inner power positions was an absolute patriotic duty, and he strongly condemned emigrations and flight to sulking corners. In the first year and a half after HITLER's seizure of power SCHACHT thought that the situation was promising. He believed that through gradual progress more moderation and an internal consolidation might be expected. On

H0798-0080

SCHACHT Exhibit No. 41

30 June 1934 his opinion changed, especially in regard to evaluating the Wehrmacht leadership, in the moderating influence of which he had trusted thus far. With great courage he attempted to foretell the maturing radical trend in the Party, and soon he drew upon himself the bitter enmity of the radical wing. He fought with special energy, referring to HITLER's promise, to spare the Jews in the economy. The Reich Ministry for Economics under SCHACHT's leadership was the only supreme Reich authority where the Jews still found protection, at least in the economic field. The more serious was the concern about the growth of the radical elements, all the more did SCHACHT believe that desertion by the moderate elements should be opposed and every counterposition should be held. Thus he repeatedly urged me too to stay on in my important outpost and to offer resistance to the megalimaniac dilettantism of my two Gauleiters. In spite of radicalization he considered the system to be basically strengthened, but he told me as early as 1934 that the system may survive much, but not an inflation or a war. I have often witnessed that leading Party representatives have vigorously attacked SCHACHT's attitude toward the Party.

Since 1937 Dr. SCHACHT lost all hope for a change toward sense, in view of the commanding power-position of HIMMLER and the weakness of the Wehrmacht leadership, and regardless of personal danger involved he worked rather openly for the overthrow of the regime. Thus in February 1937 he had me arrange a secret meeting at my official residence in DUESSELDORF, with the militarily influential Commanding.

H0798-0081

General of the 6th Army Corps, von KLUGE, in order to win him over to a plan of military intervention. For this purpose Dr. SCHACHT went to HAMM in Westphalia incognito; my car was to meet him there but missed him. Thereupon Dr. GISEVIUS and I acquainted General von KLUGE with SCHACHT's ideas. SCHACHT was decidedly for immediate military action, since he held the domestic and foreign political situation to be very threatening. General von KLUGE was convinced personally, but he was unable to make his viewpoint prevail among the Wehrmacht leaders.

I recall numerous talks with Dr. SCHACHT, in which he stated that a war was an economic impossibility and simply crazy, thus for instance in MUEHLHEIM at the house of Dr. Fritz THYSSEN, who closely associated with GOERING and HITLER before 1933 - was in strong opposition since 1934, and who also fought against every thought of war as madness. Officially as well as privately SCHACHT always advocated the viewpoint that armament was indispensable for reasons of national security and as the basis for a foreign policy ready to reach understanding. He thought that by clever utilization of the world's war-weariness HITLER could reach the necessary concessions by peaceful means, and for years he believed that HITLER would in the last analysis avoid a serious war threat. Dr. SCHACHT in his talks with me strongly and ironcially criticized the HIMMLER - ROSENBERG living-space plans against Russia, as examples of the mad hybris of radical Party circles. SCHACHT's special hobby-horse, on the other hand was an agreement with England on the colonial problem, from which he hoped to achieve a beneficial safety-value

H0798-0082

SCHACHT Exhibit No. 41

effect on the overheated nationalistic passions of German youth.

When in the course of the years the official foreign representatives in the Rhineland began to talk to me more often about the increasing gravity of the international situation, I considered it my duty to ease their minds by informing them of Dr. SCHACHT's viewpoints. My statements can be confirmed by the: former American Consul General KLIFFORTH in COLOGNE, the English Consul General BELL, and the French Consul General Noel HENRY.

After the Reichwehr crisis in the winter 1937 - 1938, the decisive inner political preliminary to the war, Dr. SCHACHT became very active in the fight against the regime. Several weeks before the BLOMBERG/FRITSCH case became acute, he took me into his confidence, so that I was able to prepare the military close to me, and in the critical hour toward the end of January 1938 he induced me to a nocturual surprise visit to General von KLUGE, who was at first inclined to head a drive for the rescue of von FRITSCH and thereby to prevent war adventures, but who withdraw a few days later. After that time SCHACHT was almost without hope, advised me to resign from office, and told me that he too would retire completely. Any military action still possible to do away with the system should, however, be aided.

When, after repeated vain attempts to be released from my office, on 9 November 1938 " because of my wife's Jewish descent" 200 SA men invaded my official residence in DUESSELDORF and I and my family escaped by a hair being beaten to death, and when I was then thrown out of office, the Reichbank President was the only one in BERLIN who sent me a telegram expressing his disgust and the only one to intercede in my favor.

H0798-0083

On the other hand Minister President GOERING whom I had approached and Minister of the Interior FRICK kept utterly passive. As an unyielding representative of humane convictions Dr. SCHACHT had always been very outspoken against persecution of Jews and other sadistic excesses of Naziism. However, he was the sole BERLIN dignitary who did anything in this respect and later on he did not hesitate frequently to visit me and my wife in spite of her Jewish grandparents.

Upon my return from a trip around the world early in August 1939 I met in Stresa Dr. SCHACHT who himself had been in British India. He hoped at the time that the acute danger of war might be checked once more and might be delayed until spring of 1940. Time gained, everything gained! A few weeks later in September 1939 Dr. SCHACHT received me in his Berlin home with the words: " Until now the Reich Cabinet has failed to take formal notice of the fact of war. Moreover, this time the question as to guilt is unequivocal and we are entirely "à la main" of our foes." Our opinion that Germany after an initial fire of straw was faced with a lost war of conquest coincided perfectly from September 1939 and remained the same throughout the entire war.

In March 1940 in the course of a confidential conversation lasting for hours in my home in Berlin-Zehlendorf, Dr. SCHACHT talked with General HOEPNER with whom I was befriended and who had come to Berlin from the front especially for this purpose, trying to influence him to act immediately <u>prior</u> to the planned <u>Western Offensive</u> which was known to us. He declared that the war would otherwise grow to encompass the entire world and its end could not even be foreseen.

He also severely criticized the overweening self-estimation of Japan who was industrially unable to wage a prolonged war, and the propaganda against the United States. In regard to Hitler, Schacht remarked that Hitler was a madman who cunningly deceived the people around him as to his mental state. Hoepner personally was convinced, but was unable to prevail over Brauchitsch and Halder. The Gentlemen did not yet deem the situation ripe.

Since that time I frequently discussed the war situation with Dr. Schacht as well as the steps he took to get rid of the sham position forced upon him as of Reich Minister without portfolio. Our attitudes were always the same. We saw the catastrophe approach, but in view of the procrastination and the discord among the military our despair kept growing. The opportunity of going to a foreign country was always firmly rejected by Dr. Schacht. He wished to fulfil his duty within Germany until the very end. Until 20 July 1944, Dr.Schacht to my exact knowledge, caught at every straw which seemed to hold a promise of rescue, and as the true patriot he always was, he exposed himself quite madly. His anticipation that it was necessary regardless of all misinterpretations to try a counterposition from the inner line was absolutely correct, even though success was denied for other reasons.

I certify in lieu of oath the correctness of my above statements.

Read, approved, signed.

(signed) Dr. Carl Christian Schmid

certified :

(signed) Dr. Isermeyer
Attorney-at-law and Notary
Military Government 511
Dr. jur. Isermeyer
Attorney-at-law and Notary.

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H0798-0085

(Page 188 of
orig.)

SCHACHT Exhibit No 41

I herewith certify that the document reproduced on the previous pages is a verbatim copy of the sworn and certified affidavit of Secretary of State, retired, Carl Christian SCHMID

Nuernberg 29 March 1946

Dr. jur. Herbert KRAUS

Professor of Jurisprudence.

H0798-0086

Filed May 3, 1946

SCHACHT Exhibit No. 42

Sworn deposition of

Dr. jur. Dr. ing. h. c.

BERCKEMEYER of 16 January 1946

H0798-0087

 SCHACHT Exhibit No. 42

Sworn deposition of

Dr. jur. Dr. ing. h.c. BERCKEMEYER

of 16 January 1946

Dr. Berckemeyer

Berlin - Lankwitz

16 January 1946

Calandrellistr. 15

Dear Dr. DIX,

The information given to you that I recently spoke to an acquaintance about Herr SCHACHT's attitude, is true. If you summon me to appear as a witness in Nurnberg, I will naturally have to appear. However, I would be grateful if this were not necessary. I am 72 years old, and the trip is very difficult.

Below, I am writing down whatever I have to say on this topic. First of all I should like to state that although I have known Herr SCHACHT for several decades, no particular personal relations bind me to him.

A witness said at the Nuernberg trial that Herr SCHACHT had been hostile to the Party since 1937. It is my opinion that Herr SCHACHT was strongly opposed to the Party and its exponents from the very beginning.

While he was Minister, Herr SCHACHT frequently spoke in public. I heard several of his speeches and was informed

H0798-0088

by other industrialists of the contents of other speeches. When he made a speech Mr. SCHACHT let no opportunity pass without criticizing the Party and its principles, sometimes by objective criticism but mostly by quite biting remarks. Every industrialist who attended his speeches will confirm my statement. The exact wording of these critical and biting remarks I am able to recall in three instances only; the first two I heard myself, while the third was related to me by the heads of the Schlesische Werke, where I was chairman of the board of directors. However, I should like to emphasize expressly that it was not these three instances alone which I have in mind, but that Mr. SCHACHT whenever he appeared in public attacked th Party more or less strongly with several phrases. The circumstances of the three instances which I remember distinctly were as follows:

1) In a speech in the big Rathaussaal, I believe, when besides Berlin's leading economists, the two first rows were occupied by party leaders, SA and SS leaders, Mr. SCHACHT discussed the economic situation of that time and made the following remark: "There are very many people these days who constantly confuse vitality and brutality." In the course of this speech he also made several other biting remarks, the wording of which I have, however, forgotten.

2) Now and then the Kaiser-Wilhelm Society of Science from time to time invited a small circle of leading persons in Berlin to an unconstrained, sociable gathering with a simple supper. Leading men of the Party, among them several ministers, representatives of the economy and of science were present. After Privy Councillor (Geheimrat)

H0798-0089

BOSCH, the Chairman of the Kaiser-Wilhelm Society, had welcomed the guests, Herr SCHACHT, being the oldest Reich Minister, thanked him. He began his talk as follows: "When I look around this illustrious circle I must think of the words by Goethe: Supreme happiness of the earth's children is collectivity." He paused briefly and then said:" Oh no, Goethe did not say this after all. He said:"Individuality means Supreme happiness of the earth's children is ." After the speech a university professor sitting next to me remarked; " It must have been very unpleasant for Herr SCHACHT that he made this mistake in speaking just now," and was most surprised when I replied:" You really have a harmless mind, Professor. Herr SCHACHT says such things in every one of his speeches."

3.) In Breslau the leading industrialists of Silesia were called together because Herr SCHACHT wanted to speak to them. Herr SCHACHT said there about as follows:" Gentlemen, please, do not believe that I am one of those with a Party insignia in the left upper button-hole. I am not one of those. And I am most certainly not one of those whose party insignia has a gold edge. I am Minister of Economics and that alone.

In managing your economic affairs you must do what you think is right and what I tell you to do, not what other people tell you. (This clearly meant the Party authorities). If because of your actions you should be put in a concentration camp, think nothing of it. That is quite honorable. And when you return home from the concentration camp you will have twice as much esteem as before in the eyes of your workers and employees." The Gauleiter and many Silesian Party leaders were present.

H0798-0090

SCHACHT Exhibit No. 42

I was not present at this incident. It can be verified by General Director Dr. BIERHAUS, Essen-Bredeney, Am Wiesenthal 3, as well as by numerous other Silesian industrialists. Dr. BIERHAUS has declared that he is willing to appear in Nuernberg if necessary.

We Berlin industrialists often wondered that Herr SCHACHT remained in office and that he was not discharged long ago, or even sent to a concentration camp. There was but one explanation for this, that he was a man of outstanding ability whom it would be very difficult to replace. We also wondered that he remained on his own volition, for his dislike of the Party was apparent to all of us. We assumed that he did so because he hoped to prevent many things which we economist apposed and which without him might have made their appearance in an even more severe manners.

I certify in lieu of oath the truth of the above deposition in the knowledge that it is to be submitted to the International Tribunal in Nuernberg, and I am informed as to the culpability of an intentional or even careless false affirmation in lieu of oath.

(Signed;) Dr. jur. Dr. ing. h. c. BERCKEMEYER

I herewith certify that the above document is a true copy of the sworn deposition of Dr. jur. Dr. ing. h. c. BERCKEMEYER of 16 January 1946.

Nuernberg, 18 March 1946

Dr. jur. Herbert KRAUS

Professor of Law

H0798-0091

filed April 30

(Page 194
of Orig.)

SCHACHT Exhibit No. 43

Correspondence between the publisher
of Ambassador DODD's Diary 1933 - 1938
(LONDON 1941) and Sir Nevile Henderson
of 16 - 22 January 1941
about DODD's Diary,
printed in Ambassador DODD's Diary
Pages 425 - 426

Relevant for the unreliability of DODD's
reports on conversations in his diary
published by his children.

H0798-0092

SCHACHT Exhibit No. 43

Correspondence between the

publisher of Ambassador DODD's Diary

1933 - 1938 (LONDON 1941)

and

Sir Nevile HENDERSON

of 16-22 January 1941

about DODD's Diary

The following correspondence has passed between the publisher and Sir Nevile HENDERSON:

January 16, 1941

My Dear Sir,

I am about to publish the diary kept by William E. DODD during the period of his duty as United States Ambassador to the German Reich.

I am enclosing on a separate sheet a passage under the date 23rd June, 1937.

It occurs to me that Mr. DODD may have misunderstood you. If so, I should be very glad to publish a footnote by you correcting his statement.

Yours truly,

VICTOR GOLLANCZ

The Rt. Hon. Sir Nevile HENDERSON, P.C., K.C.M.G.,

St. James's Club

106 Piccadilly

London W.1.

January 22nd, 1941.

Sir,

I greatly appreciate your courtesy in inviting my comment on Mr. DODD's account of a conversation with me in Berlin. I have no recollection of it myself and can therefore only tell you what I might have said and what I could not possibly have said. Yet, even that is difficult as Mr. DODD's account is so misleading in any case.

H0798-0093

SCHACHT Exhibit No. 43

Take for instance the first statement attributed to me about Neurath. I could not possibly have said to Hitler that it was "unwise to keep Neurath at home." Undoubtedly this really refers to Hitler's refusal to allow Neurath to go to London on a special visit to discuss Anglo-German relations (early June 1937—see beginning of Chap. V of my book.) But as DODD quotes me it would look as if I had wished to get Neurath away from Berlin (which is absurd)!!

And it is the same with the general discussion. It is quite inconceivable that I should have spoken, as DODD records, about Bismarck and annexing "Czechoslovakia and other countries". What I would have said would be that Hitler was pursuing the Bismarck policy of uniting all Germans in one Reich. It was obvious that that was Hitler's aim and every report to H.M.G. indicated that it was so(see page 77 of Failure of a Mission on my visit to the Nurenberg Rally). But a statement of fact is a very different thing to favouring a policy. That I can sincerely say that I never did, though I regarded German unity as ultimately inevitable and in any case realised that it could only be prevented by force. Nor could I possibly have said that "Germany must dominate the Danube-Balkan zone." I spent five years at Belgrade working to keep the Balkans out of all European domination, either German or Italian or Russian!

H0798-0094

But I might well have said that Germany was destined to play a predominant role in Central Europe and the Danube basin. That again would be a statement of fact in view of Germany's size and organisation.

The remark attributed to me that England and Germany "must control the world" is pure balderdash and hardly fits in with the preceding sentence about the U.S. What I might well have said would be that if there was ever to be lasting peace in Europe, Britain and Germany had got to find a "modus vivendi."

It is true that I had very little confidence in the efficacy of the French policy, but there again I would never have said that France was "unworthy of support." I would have a thousand times rather have supported France, but I did have little faith in the value of her support.

I may well have said that I thought that Franco would win in Spain. It seemed to me then inevitable in view of the policy of non-intervention when others were intervening in spite of it.

As to my ignorance of Nazi persecution of all religions, I can only say that I did what I doubt if any other diplomat did--protested to Hitler himself on this subject--and before June 23rd, 1937. I admit that the only answer I got from Hitler was that "in no country was religion so free as in Germany"!! One could only gasp.

H0798-0095

The whole passage is most misleading and, even though I can remember nothing but the most desultory conversations with Mr. DODD, utterly inaccurate. What basis of truth there is in it, such as Hitler's intention to unite all Germans, thereby dominating Central Europe, DODD has asserted to be my desire instead of merely a statement of Germany's clearly defined aims. Personally I liked DODD and I believe he was a competent historian, but the point of any conversations I had with him was always that there was only one way of stopping Hitler—and that was by force.

Yours truly,

NEVILE HENDERSON

Certified true copy

Dr.jur.Herbert KRAUS

Professor of Jurisprudence

H0798-0096

(Page 199
of orig.)

Referred to April 30

SCHACHT Exhibit No 44

Sworn Testimony of the

S.R. FULLER jr.

of 18 October 1945

Excerpt

This document bears the number

EC 450 and has already been intro-

duced in court by the prosecution.

USA 629

H0798-0097

Notice.

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Ne pas publier avant présentation devant le tribunal en audience publique et seulement la partie réellement versée au dossier.

Nicht zu veroeffentlichen vor Darlegung vor dem Gericht (Tribunal) in oeffentlicher Sitzung und dann nur jenen Teil, welcher tatsaechlich zur Beweisfuehrung uebermittelt wurde.

Не публиковать до того, как представлено на публичном заседании трибунала и только ту часть, которая представлена в качестве доказательства.

H0798-0098

(Page 200 of orig.)

SCHACHT EXHIBIT No 44

Sworn testimony of
S.R. FULLER jr.
of 18 October 1945

Excerpt
Page 4 of the mimeograph at the bottom

SCHACHT: " Colonies are necessary fo Germany. We shall get them through negotiation if possible; but if not, we shall take them."

FULLER: " You mentioned a little while ago that your necessary raw materials could not be obtained through German laak of foreign exchange. Would stabilization help you?"

H0798-0099

(Page 201 of Orig.)

Schacht Exhibit No. 45

Minutes of the meeting of the Reich Defense Council of 18 November 1938

Excerpt

The document bears the Number 3575 - PS. It has already been introduced by the prosecution in court.

H0798-0100

Schacht Exhibit No. 45

Berlin, 18 November 1938

M e m o r a n d u m

concerning the meeting of the Reich Defense Council (Reichsverteidigungsrat) on 18 November 1938.

Excerpt

Page 1

Chairman: Field Marshal GOERING

All Reich Ministers and State Secretaries, with a few exceptions, were present as were the Commander-in-Chief of the Army, the Commander-in-Chief of the Navy, the General Staff of the three branches of the Armed Forces, Reichsleiter Bormann for the Deputy of the Fuehrer, General Daluege, SS Major General (SS Gruppenfuehrer) Heydrich, the Reich Labor Leader (Reichsarbeitsfuehrer), the Price Control Commissar, the President of the Reich Labor Office, and others.

The meeting consisted solely of a three-hour lecture by the Field Marshal. No discussion took place.

These were the most important points raised at the meeting:

I. Organization of the Reich Defense Council (Reichsverteidigungsrat).

The Reich Defense Council had already been created trough decision of the cabinet in 1933 and 1934, but never met. Through the Reich Defense Law of 4 September 1939 it was reactivated. The chairmanship is vested in the Fuehrer, who has deputized Field Marshal Goering as his permanent representative.

The Field Marshal termed it the task of the Reich Defense Council to correlate all the forces of the nation for accelerated building-up of German armament. . . .

H0798-0101

II. The Physical Tasks.

The assignment is to raise the level of armament from a current index of 100 to one of 300.

This goal is confronted by almost insuperable obstacles because already now there is a scarcity of labor, because factory capacity is fully utilized, because the tasks of last summer exhausted our reserves of foreign currency, and because the financial situation of the Reich is serious and even now shows a deficit. In spite of this, the problem must be solved.

I herewith certify the above copy is a true and correct copy of document No. 3575 - PS.

Nuernberg, 28 March 1946

Dr. jur. Herbert KRAUS

Professor of Jurisprudence

H0798-0102

(Page 204
of orig.)

SCHACHT Exhibit No. 46

Record of a meeting with General Field Marshal GOERING of 14 October 1938.

Excerpt.

This document bears the No. JC07602 1301 PS. It has already been introduced in court by the prosecution.
Dr. SCHACHT has not been invited anymore to this meeting, because his dismissal was imminent.

H0798-0103

SCHACHT Exhibit No. 46

Record of a meeting with

General Field Marshal GOERING of 14 Oct. 38.

Excerpt

Page 1, No. J 007602.

... General Field Marshal GOERING opened the session by declaring that he intended to give directives about the work for the next months. Everybody knows from the press what the world situation looks like and therefore the Fuehrer has issued an order to him to carry out a gigantic program compared to which previous achievements are insignificant...

... He received the order from the Fuehrer to increase the armament to an abnormal extent, the air force having first priority. Within the shortest time the air force is to be increased five fold, also the navy should get armed more rapidly and the army should procure large amounts of offensive weapons at a faster rate, particularly heavy artillery pieces and heavy tanks...

I herewith certify that the above document is a true and correct copy from document 1301-PS.

Nuernberg, 28 March 1946

Dr. jur. Herbert KRAUS
Professor of Jurisprudence

H0798-0104

SCHACHT Exhibit No. 47

Excerpt from the minutes of a meeting with General THOMAS on 11 March 1938, 1500 hours. (Already presented by the prosecution under No. EC 421)

H0798-0105

SCHACHT Exhibit No. 47

Excerpt from the minutes of a meeting with
General THOMAS
on 11 March 1938 at 1500 hours.

Present: General THOMAS, Chef W Wi, W Rue, W Ro
Lt. Col. BECKER, Lt. Col. DREIVS,
Major P., and Captain ZINNEMANN,
Lt. Col. HUENERM.

Lt. Col. HUENERM reads Directive of the Fuehrer of 11 March concerning the "Action Otto" and informs us that "Economy War Service Law" has been put in force. He then reads orders 1 and 2 and gives special orders to troops for crossing the Austrian border. After that according to a suggestio by SCHACHT, no requests should take place but everything should be put in Reichsmarks on an exchange basis of two shillings to one Reichsmark.

I herewith certify that the above excerpt is a true and correct copy from the minutes of the meeting with General THOMAS of 11 March 1938.

Nuernberg, 11 March 194.

Dr. jur. Herbert KRAUS
Professor of Jurisprudence.

H0798-0106

24 April 1946

We, MARTHA VON GRONEFELD, Civ. X 046272, and WANDA S. TIESZEN, Civ., X 046265, hereby certify that we are thoroughly conversant with the English and German languages; and that the above is a true and correct translation of the original document.

MARTHA VON GRONEFELD
Civ., X 046272

WANDA S. TIESZEN
Civ., X 046265

Schacht Exhibit Nr. 48

DEFENSE DOCUMENT BOOK

SUPPLEMENT

H J A L M A R S C H A C H T.

submitted by

Dr. Rudolf Dix

Attorney- at- Law

H0798-0107

H0798-0108

Notice.

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Ne pas publier avant présentation devant le tribunal en audience publique et seulement la partie réellement versée au dossier.

Nicht zu veroeffentlichen vor Darlegung vor dem Gericht (Tribunal) in oeffentlicher Sitzung und dann nur jenen Teil, welcher tatsaechlich zur Beweisfuehrung uebermittelt wurde.

Не публиковать до того, как представлено на публичном заседании Трибунала и только ту часть, которая представлена в качестве доказательства.

H0798-0109

I certify that none of the documents included herein have been denied by the tribunal and that this document book has been examined with the prosecution in accordance with the ruling of the tribunal dated 4 April 1946.

Je certifie qu'aucun des documents ci-inclus n'a été contesté par le Tribunal, et que ce livre de documents a été examiné par le Ministère Public suivant les règles du Tribunal, en date du 4 Avril 1946.

Ich bestätige, dass keine der hierin enthaltenen Dokumente vom Gerichtshof abgelehnt wurden und dass dieses Dokumentenbuch gemeinsam mit der Anklagevertretung durchgesehen wurde, in Uebereinstimmung mit der Entscheidung des Gerichtshofes vom 4. April 1946.

Signature of Consel

Signature de l'Avocat

Unterschrift des Verteidigers

H0798-0110

Albert Speer August 22, 1945.

Adolf Hitler's memorandum concerning the tasks of the Four Year Plan - 1936

This memorandum was given personally to me by A.H. in 1944, with the following statement:
The lack of understanding of the Reich Ministry for Economics and the opposition of the German Economy against all, large scale plans induced him to elaborate this memorandum at Obersalzberg.

He decided at that time to carry out a Four Year Plan and to put Goering in charge of it. On the occasion of Goering's appointment as the official in charge of the Four Year Plan he gave him this memorandum. There are only 3 copies, one of which he gave to me.

Goering was appointed (through decree in the Reichsgesetzblatt) as the official in charge of the Four Year Plan October 18th 1936, so that the memorandum might have been originated in August 1936 approximately.

My secretaries Edith Nagiera and Annemarie Kempf made this transcript in my office, for my archives in Nuernberg.

(Signed) Albert Speer

H0798-0111

The Political Situation

Politics is the leadership and the course of the historical struggle for life of the nations. The aim of these struggles is the maintenance of existence. Even the ideological struggles have their ultimate causes and receive their most profound impulses from the aims of existence determined by the national character of the nation. But religions and ideologies are always able to give to these struggles a particular bitterness and thus confer upon them a strong historical impressiveness. They leave their imprint upon the history of centuries. Nations and countries living within the boundaries of such ideological or religious conflicts cannot seclude or exclude themselves from the events. Christianity and the migration of nations have determined the historical course of centuries. Mohammedanism has shaken the Orient as well as the Occident likewise during half a millenium. The Reformation has driven the whole of central Europe within the sphere of its consequences. The individual countries were not able to exclude themselves from the events - either by cleverness or by a sought for indifference. Since the outbreak of the French revolution the world drives, with a continously increasing pace, towards a new conflict, the extreme solution of which is Bolshevism, essence and goal of which is the elimination and the displacement of the hitherto leading social classes of the humanity by the Jewry spread throughout the world.

No nation will be able to avoid or keep from this historical conflict. Since Marxism - through its victory in Russia - has established one of the greatest Empires as a base of operations for its future operations, this question has become a threatening one. A concrete offensive design, based on an authoritarian ideology, opposes a democratic world which is ideologically split.

The means of military power of this offensive design are rapidly increasing from year to year. One should compare the assumptions of the military circles of 10 or 15 years ago with the actually created Red Army of to-day in order to realize the dangerous extent of this development. One should consider the results of a further development within 10, 15 or 20 years in order to have an idea of the conditions which would then occur.

H0798-0112

Germany

Germany will have to be regarded, as it always was, as the focus of the occidental world against the Bolshevistic attacks. I do not consider this as a joyous mission but unfortunately as a severe difficulty and burden upon our national life, resulting from our disadvantageous position in Europe. But we can not avoid this destiny. Our political position results from the following:

Presently there are only two nations in Europe which can be regarded as being firm against Bolshevism; Germany and Italy. The other nations are either disintegrated by their democratic way of living, infected by Marxism and therefore designed to collapse within the discernible future, or ruled by authoritarian governments, the only strength of which are the military means of power, which means that; due to the necessity of protecting the existence of their leadership against their own people by the forcible measures of the executive power, they are unable to utilize these forcible measures outwards for the protection of the nation. All these nations would be unable at anytime to wage a war against Russia with any prospect of success.

Generally, besides Germany and Italy, only Japan can be considered as a power resisting the world peril.

It is not the aim of this memorandum to prophesy the moment at which the untenable situation in Europe will reach the stage of open war.

I want only to express in these lines my conviction that this crisis cannot and will not fail to come, and that Germany has the duty of securing her existence against this catastrophe, with all means and to protect herself from it

H0798-0113

and that this obligation gives rise to a series of consequences concerning the most important tasks ever imposed upon our nation.

For a victory of Bolshevism over Germany would not lead to a Versailles Treaty but to a definitive annihilation and even to an extermination of the German nation.

The extent of such a catastrophe cannot be estimated. As in general, western Europe (Germany included) would experience after a Bolshevist collapse, the most horrible catastrophe humanity has known since the disappearence of the nations of antiquity. With respect to the necessity of warding off this danger, all other considerations must be relegated to the background as completely unimportant.

Germany's Defense Capability:

Germany's defense capability is based upon several factors. As the first, I would like to emphasize the inner value of the German nation in itself. The German nation politically well-led, ideologically strengthened and militarily well organized represents certainly the world's most valuable resistance factor today. The political leadership is secured by the National Socialist Party, the ideological unity has been promoted since the victory of National Socialism to an extent never reached before. Based upon this consideration, it must be deepened and strengthened more and more. This is the aim of the national socialistic education of our nation.

The military exploitation shall be accomplished through the new army.

The extent and the pace of the military exploitation of our strength cannot be too large or too rapid.

It is a major error to believe that on this point

H0798-0114

any compromise or comparison with other necessities of life could come into being. However much the entire aspect of life of a nation should be a well-balanced one, some one-sided shiftings to the detriment of other, not so vital tasks, must be undertaken at certain periods. If we do not succeed in developing the German army, within the shortest period, to be the first army in the world with respect to training, setting-up of units, equipment and above all also in spiritual education, Germany will be lost. Here the basic principle is that what was neglected in the months of peace cannot be made up for in centuries. Thus, all other desires have to be unconditionally subordinated to this task.

For this task means the life and the preservation of life, and all other desires - however much they might be comprehensible in other periods - are unimportant or even dangerous to the continuation of life and therefore are to be rejected. Posterity will not ask us some day according to which methods, considerations or opinions valid today we have carried out the rescue of the nation, but if we have carried it out. And it will be no excuse some day for our downfall if we refer at that time to the infallible methods which, unfortunately, caused our ruin.

Germany's Economic Situation

Just as the political movement in our nation has only one goal, the preservation of our existence, i.e. the securing of all spiritual and other prerequisites for the self maintenance of our nation, so the economy has also, only this identical goal. The nation does not live for the economy or for the leaders of the economy, for the economic or financial theories, but finance and economy, the leaders of the economy and all theories have to serve exclusively this struggle for the maintenance of our nation.

H0798-0115

But Germany's economic situation - briefly summarized - is the following:

1) We are over populated and our country does not yield the food we need.

2) If our nation has 6 or 7 millions unemployed, the food situation will be improved as a result of the non-existing purchasing power of these people.

It makes a difference of course if 6 millions people have 40 marks to spend in a month or 100 Marks.

It shall not be overlooked that this is a matter which concerns itself with one third of those people who have to earn their living, which means converted with respect to the entire population that, through the national - socialistic economic policy, approximately 30 million people gained an increase in their standard of living from a maximum average of 50 Marks a month to at least 100 to 120 Marks. This means an increased and comprehensible rush on the food market.

3) But on the other hand if there is no increase of labor, a high percentage of the nation must be gradually withdrawn from the body of the nation, as valuable factor, as a result of undernourishment. Therefore the most important task of our economic policy - despite the difficult food situation - is to see that the prerequisites for normal consumption are created through the incorporation of all Germans into the economic process.

4) Insofar as this consumption concerns items of general utility, it can be effected to a large extent by an increase of production. Insofar as this consumption affects the food market, it cannot be satisfied from the sources of the internal German economy. The reason is that the output of numerous products can be increased without difficulty but the yield of our agricultural production can no longer be substantially increased.

H0798-0116

Likewise it is impossible for us to produce artificially or otherwise to replace single raw materials which we do not possess in Germany.

5) It is however of no importance to state these facts again and again, i.e. to state that we need food or raw materials; what is decisive is to take those measures which can bring a final solution for the future and a temporary easing-up of conditions during the transition period.

6) The definitive solution lies in an extension of our living space, i.e. an extension of the raw materials and food basis of our nation. It is the task of the political leadership to solve this question at some future time.

7) The temporary easing-up of conditions can be found only within our present economy. In this instance, the following must be stated:

a) Since the German nation will be increasingly dependent upon imports for her food, and likewise certain raw materials also have to be supplied from abroad under all circumstances, all efforts have to be made in order to render possible this importation.

b) The increase of our own exports is theoretically possible but actually not very probable. Germany does not export to a political or economic vacuum, but into greatly disputed areas. Measured on the scale of the general international economic depression, our export trade has fallen - not only not more - but less than that of other nations and countries.

However, since the food import as a whole cannot be substantially reduced but rather rises, a balance must be found by other means.

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c) It is however impossible to utilize certain currencies designed for the purchase of raw materials for the import of food if the other branches of the German economy are not to receive an annihilating blow. <u>But above all it is absolutely impossible to do this at the expenses of the national armament.</u> I must reject here with the utmost vehemence the conception, according to which a limitation of national armaments, i.e. a limitation of the production of weapons and ammunition can bring about an "enrichment" in raw materials which eventually could be profitable to Germany in case of war. Such a conception is based upon a complete misunderstanding - to put it mildly - of the task and military requirements lying before us. Because even a successful saving of raw materials attained for instance through a limitation of the production of ammunitions, means only that we pile up these raw materials during a peace period in order to manufacture them only in case of war, i.e., we deprive ourselves of ammunition during the most critical months and we have instead the crude copper, lead or perhaps iron. But in this case it would be still better if the nation enter the war without having a single kilogram copper on stock but with well supplied ammunition dumps, than with empty ammunition dumps but so-called "enriched" raw material depots.

War makes possible the mobilization of even the last metal supplies. For this is then not an economic problem, but a question of will exclusively. And the national-socialistic leadership of the nation will have the will and also the determination and the severity necessary to solve these problems in case of war.

Much more important, however, is to prepare for the war during the peace. But moreover the following has to be stated in this respect:

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There is no preparation whatsoever of raw materials for the war nor is there any preparation of foreign currencies. It is often tried today to so present the situation that Germany entered the war in 1914 with well prepared quantities of raw material. This is a lie. No country is able to prepare in advance the quantities of raw materials required for a war if this war should last longer than, let us say, one year. But should a nation ever be in a position to prepare those quantities of raw materials for one year ahead, then its political, military and economic leadership merits hanging. For they are already stocking up the available copper and iron instead of turning out grenades. But Germany entered the World War without any supplies whatsoever. The apparent peace time supplies which were available at this time in Germany were more than compensated for and devaluated by the miserable war supplies of ammunition.

Besides, the quantities of war material required for a war are so large that an effective preparation of stocks for a long duration has never been realized in history

As far as the securing of supplies by means of accumulation of foreign currencies is concerned it is obvious that:

1) War can devaluate at any time foreign currencies as far as they do not consist of gold
2) there is no guarantee at all during the war of realizing the transformation even of gold into raw materials. Germany still during the World War very large currency assets in numerous countries. But for these assets our wise leaders of political economy were not able to supply Germany with sufficient quantities of fuel, rubber, copper and tin. It is a ridiculous nonsense if somebody asserts the contrary. For this reason, and in order to secure the food supplies of our nation, the following compulsory tasks result:

It is not enough to establish from time to time a raw material or

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a foreign currency balance, or to speak of a preparation of the war economy during peace time, but it is necessary to provide all those means for peace time food supply and above all for warfare, which can be secured through human energy and activity. Consequently I draw the following program for a final solution of our vital necessities:

1. Parallel with the military and political armament and mobilization of our nation, must occur the economic one and this in the same tempo, with the same determination and if necessary with the same ruthlessness. In the future the interests of individual gentlemen cannot play any part. There is only one interest, and that is the interest of the nation, and only one conception, which is that Germany must be brought politically and economically to the point of self-sufficiency.
2. For this purpose, foreign currency must be saved in all those fields where needs can be satisfied by German production, in order that it may be used for those necessities which under all circumstances can be fulfilled only by imports.
3. In this sense, the German fuel production must now be developed with the utmost speed and brought to the definitive completion within 18 months. This task must be handled and executed with the same determination as the waging of a war; since on its solution depends the future conduct of the war and not on a stocking up of gasoline.
4. The mass production of synthetic rubber must be also organized and secured with the same rapidity. The affirmation, that the procedures might not be quite determined and similar excuses must not be heard from now on. The question under discussion is not whether we will wait any longer, otherwise the time will be lost, and the hour of danger will take all of us unaware. Above all, it is not the task of the governmental

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economic institutions to rack their brains over production methods. This matter does not at all concern the Ministry of Economics. Either we have today a private economy, then it is its task to rack its brains about production methods, or we believe that the determination of the production methods is the task of government; then we do not need the private economy any longer.

5. The question of production costs of those raw materials is also of no importance, since it is still more profitable for us to produce expensive tires in Germany and utilize them, than to sell theoretically cheap tires, but for which the Minister of Economics cannot grant any foreign currency, which therefore cannot be produced because of the shortage of raw materials and consequently cannot be utilized. If indeed we are obliged to build up an internal economy in the autarchic sense - and we are obliged to do it, since the problem will certainly not be resolved through lamentations and the recognition of our needs for foreign currency - then the price of raw materials, individually considered, does not any longer play a decisive part. Furthermore, it is necessary to increase the German iron production to its utmost limits. The objection, that we are not able to produce a similarly cheap raw iron with the German ore which contains 26% of iron, as with the Swedish ores containing 45% of iron etc. is of no importance, since we were not asked what we would prefer to do, but what we can do. The objection, that in this case all German blast-furnaces will have to be transformed is also unimportant, and above all it does n o t concern the Ministry of Economics. The Ministry of Economics has only to set the tasks of the national economy, the private economy has to fullfil them. But if the private economy considers itself unable to do this, then the national-socialistic state will know by itself how to resolve the problem.

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Besides, during 1000 years Germany did not have any foreign iron ores. Even before the war, more German iron ores have been processed than during the time of our worst decline.

Nevertheless, if we still have the possibility of importing cheaper ores, then it is all right. The existence of the national economy and especially of the conduct of war - must not depend on this.

It is furthermore necessary to prohibit the distillation of potatoes into alcohol. The fuel must be gained from the earth and not from potatoes. Instead of this we have the duty to utilize any possible free farm area for the purpose of feeding humans or animals or of the cultivation of fibrous materials. Furthermore it is necessary to make the supply of industrial greases independent of the imports within the shortest time and to meet it with our coal. This problem is resolved chemically and it actually cries for its realization. The German economy will understand the new economic tasks or it will show itself incapable of existing any longer in this modern time during which the Soviet state builds up a gigantic plan.

But then not Germany will be ruined, but only some economists.

It is furthermore necessary to increase the extraction of other ores, without considering the cost, and specially to increase the production of light metals to its utmost limit, in order to find a substite material for certain and other metals.

Finally, it is also necessary for the armament, to utilize if possible already at this time those materials which will have to be and will be used in case of war instead of the precious metals. It is better to think over and resolve those problems during peace-time, than to wait for the next war, and to undertake only then, within the framework of the numerous tasks, those economic [illegible]ations and methodilogical experiments.

In short; I deem it necessary that now with iron determination a 100% self-sufficiency be attained in all those fields where it is possible and that in this manner not only the national supply with these most important raw materials will become independent from foreign countries, but that thereby the foreign exchange will be saved which we need in peacetime for the import of our food. I want to emphasize in this connection that I see in these tasks the only possible economic mobilization there is, and not in a limitation of armament industries in peace time for the purpose of saving and accumulating raw materials for war.

In addition however, I deem it necessary to carry out at once a re-examination of the outstanding foreign exchange claims of German industry abroad. There is no doubt that the outstanding claims of our industry today are quite enormous. And there is also no doubt that this is to conceal partly the abominous intention to own for all eventualities certain reserves abroad which are thereby removed from internal seizure. I see in it a deliberate sabotage of national preservation or the defense of the Reich, respectively, and I therefore deem necessary the passage of two laws by the Reichstag.

1) A law providing capital punishment for industrial sabotage and
2) a law making Jewry in its entirety answerable for damages done to German industry and thereby to the German nation by individual members of this criminal group.

The only fulfillment of these tasks in the form of a several years plan, making our national economy independent from foreign countries, will make it possible to demand sacrifices of the German nation in the field of industry and food. For then the nation has a right to demand of its leadership to which it gives blind recognition, that it tackles these problems also in this field with

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unheard of and resolute work and does not only talk about them, that it solves them and does not only register them:

Almost four precious years have passed now. There is no doubt that we could be completely independent from abroad already today in the field of fuel, crude rubber and partly also iron ore supplies. Just as we produce 700,000 or 800,000 tons of gasoline at the present time we could be producing three million tons. Just as we produce several thousand tons of rubber we could already be producing 70,000 or 80,000 tons per year. Just as we increased our iron ore production from 2½ million tons to seven million tons we could process 20 or 25 million tons of German iron ore and if necessary also 30 millions. One has had enough time now to find out what we cannot do. It is now necessary to carry out what we are able to do.

I herewith set the following task:

I. The German Army must be ready for combat within 4 years.

II. The German economy must be mobilized for war within 4 years.

This is to certify that this is a true copy of a document found in the files of Speer's ministry.

(sgd.) D. I. W. GOODE, Capt.

D. I. W. Goode, Capt. GS

E. P. E. S. F. I. A. T. (Br)

Certified True Copy of [illegible]

DR. JUR. HERBERT KRAUS

Professor of Jurisprudence.

Nuernberg, den 4. 6. 1946.

Schacht 48

HO798-0124

Albert Speer August 22, 1945.

Extra

Adolf Hitler's memorandum concerning the tasks

of the Four Year Plan - 1936

This memorandum was given personally to me by A.H. in 1944, with the following statement:
The lack of understanding of the Reich Ministry for Economics and the opposition of the German Economy against all, large scale plans induced him to elaborate this memorandum at Obersalzberg.

He decided at that time to carry out a Four Year Plan and to put Goering in charge of it. On the occasion of Goering's appointment as the official in charge of the Four Year Plan he gave him this memorandum. There are only 3 copies, one of which he gave to me.

Goering was appointed (through decree in the Reichsgesetzblatt) as the official in charge of the Four Year Plan October 18th 1936, so that the memorandum might have been originated in August 1936 approximately.

My secretaries Edith Nagiera and Annemarie Kempf made this transcript in my office, for my archives in Nuernberg.

(Signed) Albert Speer

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The Political Situation

Politics is the leadership and the course of the historical struggle for life of the nations. The aim of these struggles is the maintenance of existence. Even the ideological struggles have their ultimate causes and receive their most profound impulses from the aims of existence determined by the national character of the nation. But religions and ideologies are always able to give to these struggles a particular bitterness and thus confer upon them a strong historical impressiveness. They leave their imprint upon the history of centuries. Nations and countries living within the boundaries of such ideological or religious conflicts can not seclude or exclude themselves from the events. Christianity and the migration of nations have determined the historical course of centuries. Mohammedanism has shaken the Orient as well as the Occident likewise during half a millenium. The Reformation has driven the whole of central Europe within the sphere of its consequences. The individual countries were not able to exclude themselves from the events - either by cleverness or by a sought for indifference. Since the outbreak of the French revolution the world drives, with a continously increasing pace, towards a new conflict, the extreme solution of which is Bolshevism, essence and goal of which is the elimination and the displacement of the hitherto leading social classes of the humanity by the Jewry spread throughout the world.

No nation will be able to avoid or keep from this historical conflict. Since Marxism - through its victory in Russia - has established one of the greatest Empires as a base of operations for its future operations, this question has become a threatening one. A concrete offensive design, based on an authoritarian ideology, opposes a democratic world which is ideologically split.

The means of military power of this offensive design are rapidly increasing from year to year. One should compare the assumptions of the military circles of 10 or 15 years ago with the actually created Red Army of today in order to realize the dangerous extent of this development. One should consider the results of a further development within 10, 15 or 20 years in order to have an idea of the conditions which would then occur.

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Germany

Germany will have to be regarded, as it always was, as the focus of the occidental world against the Bolshevistic attacks. I do not consider this as a joyous mission but unfortunately as a severe difficulty and burden upon our national life, resulting from our disadvantageous position in Europe. But we can not avoid this destiny. Our political position results from the following:

Presently there are only two nations in Europe which can be regarded as being firm against Bolshevism; Germany and Italy. The other nations are either disintegrated by their democratic way of living, infected by Marxism and therefore designed to collapse within the discernible future, or ruled by authoritarian governments, the only strength of which are the military means of power, which means that; due to the necessity of protecting the existence of their leadership against their own people by the forcible measures of the executive power, they are unable to utilize these forcible measures outwards for the protection of the nation. All these nations would be unable at anytime to wage a war against Russia with any prospect of success.

Generally, besides Germany and Italy, only Japan can be considered as a power resisting the world peril.

It is not the aim of this memorandum to prophesy the moment at which the untenable situation in Europe will reach the stage of open war.

I want only to express in those lines my conviction that this crisis cannot and will not fail to come, and that Germany has the duty of securing her existence against this catastrophe, with all means and to protect herself from it

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and that this obligation gives rise to a series of consequences concerning the most important tasks ever imposed upon our nation.

For a victory of Bolshevism over Germany would not lead to a Versailles Treaty but to a definitive annihilation and even to an extermination of the German nation.

The extent of such a catastrophe cannot be estimated. As in general, western Europe (Germany included) would experience after a Bolshevist collapse, the most horrible catastrophe humanity has known since the disappearence of the nations of antiquity. With respect to the necessity of warding off this danger, all other considerations must be relegated to the background as completely unimportant.

Germany's Defense Capability:

Germany's defense capability is based upon several factors. As the first, I would like to emphasize the inner value of the German nation in itself. The German nation politically well-led, ideologically strengthened and militarily well organized represents certainly the world's most valuable resistance factor today. The political leadership is secured by the National Socialist Party, the ideological unity has been promoted since the victory of National Socialism to an extent never reached before. Based upon this consideration, it must be deepened and strengthened more and more. This is the aim of the national socialistic education of our nation.

The military exploitation shall be accomplished through the new army.

The extent and the pace of the military exploitation of our strength cannot be too large or too rapid.

It is a major error to believe that on this point

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any compromise or comparison with other necessities of life could come into being. However much the entire aspect of life of a nation should be a well-balanced one, some one-sided shiftings to the detriment of other, not so vital tasks, must be undertaken at certain periods. If we do not succeed in developing the German army, within the shortest period, to be the first army in the world with respect to training, setting-up of units, equipment and above all also in spiritual education, Germany will be lost. Here the basic principle is that what was neglected in the months of peace cannot be made up for in centuries. Thus, all other desires have to be unconditionally subordinated to this task.

For this task means the life and the preservation of life, and all other desires - however much they might be comprehensible in other periods - are unimportant or even dangerous to the continuation of life and therefore are to be rejected. Posterity will not ask us some day according to which methods, considerations or opinions valid today we have carried out the rescue of the nation, but if we have carried it out. And it will be no excuse some day for our downfall if we refer at that time to the infallible methods which, unfortunately, caused our ruin.

Germany's Economic Situation

Just as the political movement in our nation has only one goal, the preservation of our existence, i.e. the securing of all spiritual and other prerequisites for the self maintenance of our nation, so the economy has also, only this identical goal. The nation does not live for the economy or for the leaders of the economy, for the economic or financial theories, but finance and economy, the leaders of the economy and all theories have to serve exclusively this struggle for the maintenance of our nation.

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But Germany's economic situation - briefly summarized - is the following:

1) We are over populated and our country does not yield the food we need.

2) If our nation has 6 or 7 millions unemployed, the food situation will be improved as a result of the non-existing purchasing power of these people.

It makes a difference of course if 6 millions people have 40 marks to spend in a month or 100 Marks.

It shall not be overlooked that this is a matter which concerns itself with one third of those people who have to earn their living, which means converted with respect to the entire population that, through the national - socialistic economic policy, approximately 20 million people gained an increase in their standard of living from a maximum average of 50 Marks a month to at least 100 to 120 Marks. This means an increased and comprehensible rush on the food market.

3) But on the other hand if there is no increase of labor, a high percentage of the nation must be gradually withdrawn from the body of the nation, as valuable factor, as a result of undernourishment. Therefore the most important task of our economic policy - despite the difficult food situation - is to see that the prerequisites for normal consumption are created through the incorporation of all Germans into the economic process.

4) Insofar as this consumption concerns items of general utility, it can be effected to a large extent by an increase of production. Insofar as this consumption affects the food market, it cannot be satisfied from the sources of the internal German economy. The reason is that the output of numerous products can be increased without difficulty but the yield of our agricultural production can no longer be substantially increased.

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Likewise it is impossible for us to produce artificially or otherwise to replace single raw materials which we do not possess in Germany.

5) It is however of no importance to state these facts again and again, i.e. to state that we need food or raw materials; what is decisive is to take those measures which can bring a final solution for the future and a temporary easing-up of conditions during the transition period.

6) The definitive solution lies in an extension of our living space i.e. an extension of the raw materials and food basis of our nation. It is the task of the political leadership to solve this question at some future time.

7) The temporary easing-up of conditions can be found only within our present economy. In this instance, the following must be stated:

a) Since the German nation will be increasingly dependent upon imports for her food, and likewise certain raw materials also have to be supplied from abroad under all circumstances, all efforts have to be made in order to render possible this importation.

b) The increase of our own exports is theoretically possible but actually not very probable. Germany does not export to a political or economic vacuum, but into greatly disputed areas. Measured on the scale of the general international economic depression, our export trade has fallen - not only not more - but less than that of other nations and countries.

However, since the food import as a whole cannot be substantially reduced but rather rises, a balance must be found by other means.

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c) It is however impossible to utilize certain currencies designed for the purchase of raw materials for the import of food if the other branches of the German economy are not to receive an annihilating blow. <u>But above all it is absolutely impossible to do this at the expenses of the national armament.</u> I must reject here with the utmost vehemence the conception, according to which a limitation of national armaments, i.e. a limitation of the production of weapons and ammunition can bring about an 'enrichment" in raw materials which eventually could be profitable to Germany in case of war. Such a conception is based upon a complete misunderstanding - to put it mildly - of the task and military requirements lying before us. Because even a successful saving of raw materials attained for instance through a limitation of the production of ammunitions, means only that we pile up these raw materials during a peace period in order to manufacture them only in case of war, i.e., we deprive ourselves of ammunition during the most critical months and we have instead the crude copper, lead or perhaps iron. But in this case it would be still better if the nation enter the war without having a single kilogram copper on stock but with well supplied ammunition dumps, than with empty ammunition dumps but so-called "enriched" raw material depots.

War makes possible the mobilization of even the last metal supplies. For this is then not an economic problem, but a question of will exclusively. And the national-socialistic leadership of the nation will have the will and also the determination and the severity necessary to solve these problems in case of war.

Much more important, however, is to prepare for the war during the peace. But moreover the following has to be stated in this respect:

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There is no preparation whatsoever of raw materials for the war nor is there any preparation of foreign currencies. It is often tried today to so present the situation that Germany entered the war in 1914 with well prepared quantities of raw material. This is a lie. No country is able to prepare in advance the quantities of raw materials required for a war if this war should last longer than, let us say, one year. But should a nation ever be in a position to prepare those quantities of war materials for one year ahead, then its political, military and economic leadership merits hanging. For they are already stocking up the available copper and iron instead of turning out grenades. But Germany entered the World War without any supplies whatsoever. The apparent peace time supplies which were available at this time in Germany were more than compensated for and devaluated by the miserable war supplies of ammunition. Besides, the quantities of war material required for a war are so large that an effective preparation of stocks for a long duration has never been realized in history.

As far as the securing of supplies by means of accumulation of foreign currencies is concerned it is obvious that:

1) War can devaluate at any time foreign currencies as far as they do not consist of gold
2) there is no guarantee at all during the war of realizing the transformation even of gold into raw materials. Germany still had during the World War very large currency assets in numerous countries. But for these assets our wise leaders of political economy were not able to supply Germany with sufficient quantities of fuel, rubber, copper and tin. It is ridiculous nonsense if somebody asserts the contrary. For this reason, and in order to secure the food supplies of our nation, the following compulsory tasks result:

It is not enough to establish from time to time a raw material or

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a foreign currency balance, or to speak of a preparation of the war economy during peace time, but it is necessary to provide all those means for peace time food supply and above all for warfare, which can be secured through human energy and activity. Consequently I draw the following program for a final solution of our vital necessities:

1. Parallel with the military and political armament and mobilization of our nation, must occur the economic one and this in the same tempo, with the same determination and if necessary with the same ruthlessness. In the future the interests of individual gentlemen cannot play any part. There is only one interest, and that is the interest of the nation, and only one conception, which is that Germany must be brought politically and economically to the point of self-sufficiency.
2. For this purpose, foreign currency must be saved in all those fields where needs can be satisfied by German production, in order that it may be used for those necessities which under all circumstances can be fulfilled only by imports.
3. In this sense, the German fuel production must now be developed with the utmost speed and brought to the definitive completion within 18 months. This task must be handled and executed with the same determination as the waging of a war; since on its solution depends the future conduct of the war and not on a stocking up of gasoline.
4. The mass-production of synthetic rubber must be also organized and secured with the same rapidity. The affirmation, that the procedures might not be quite determined and similar excuses must not be heard from now on. The question under discussion is not whether we will wait any longer, otherwise the time will be lost, and the hour of danger will take all of us unaware. Above all, it is not the task of the governmental

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economic institutions to rack their brains over production methods. This matter does not at all concern the Ministry of Economics. Either we have today a private economy, then it is its task to rack its brains about production methods, or we believe that the determination of the production methods is the task of government; then we do not need the private economy any longer.

5. The question of production costs of those raw materials is also of no importance, since it is still more profitable for us to produce expensive tires in Germany and utilize them, than to sell theoretically cheap tires, but for which the Minister of Economics cannot grant any foreign currency, which therefore cannot be produced because of the shortage of raw materials and consequently cannot be utilized. If indeed we are obliged to build up an internal economy in the autarchic sense - and we are obliged to do it, since the problem will certainly not be resolved through lamentations and the recognition of our needs for foreign currency - then the price of raw materials, individually considered, does not any longer play a decisive part. Furthermore, it is necessary to increase the German iron production to its utmost limits. The objection, that we are not able to produce a similarly cheap raw iron with the German ore which contains 26% of iron, as with the Swedish ores containing 45% of iron etc. is of no importance, since we were not asked what we would prefer to do, but what we can do. The objection, that in this case all German blast-furnaces will have to be transformed is also unimportant, and above all it does n o t concern the Ministry of Economics. The Ministry of Economics has only to set the tasks of the national economy, the private economy has to fullfil them. But if the private economy considers itself unable to do this, then the national-socialistic state will know by itself how to resolve the problem.

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Besides, during 1000 years Germany did not have any foreign iron ores. Even before the war, more German iron ores have been processed than during the time of our worst decline.

Nevertheless, if we still have the possibility of importing cheaper ores, then it is all right. The existence of the national economy and especially of the conduct of war - must not depend on this.

It is furthermore necessary to prohibit the distillation of potatoes into alcohol. The fuel must be gained from the earth and not from potatoes. Instead of this we have the duty to utilize any possible free farm area for the purpose of feeding humans or animals or of the cultivation of fibrous materials. Furthermore it is necessary to make the supply of industrial greases independent of the imports within the shortest time and to meet it with our coal. This problem is resolved chemically and it actually cries for its realization. The German economy will understand the new economic tasks or it will show itself incapable of existing any longer in this modern time during which the Soviet state builds up a gigantic plan.

But then not Germany will be ruined, but only some economists.

It is furthermore necessary to increase the extraction of other ores, without considering the cost, and specially to increase the production of light metals to its utmost limit, in order to find a substite material for certain and other metals.

Finally, it is also necessary for the armament, to utilize if possible already at this time those materials which will have to be and will be used in case of war instead of the precious metals. It is better to think over and resolve those problems during peace-time, than to wait for the next war, and to undertake only then, within the frame work of the numerous tasks, those economic nations and methodilogical experiments.

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In short; I deem it necessary that now with iron determination a 100% self-sufficiency be attained in all those fields where it is possible and that in this manner not only the national supply with these most important raw materials will become independent from foreign countries, but that thereby the foreign exchange will be saved which we need in peacetime for the import of our food. I want to emphasize in this connection that I see in these tasks the only possible economic mobilization there is, and not in a limitation of armament industries in peace time for the purpose of saving and accumulating raw materials for war.

In addition however, I deem it necessary to carry out at once a re-examination of the outstanding foreign exchange claims of German industry abroad. There is no doubt that the outstanding claims of our industry today are quite enormous. And there is also no doubt that this is to conceal partly the abominous intention to own for all eventualities certain reserves abroad which are thereby removed from internal seizure. I see in it a deliberate sabotage of national preservation or the defense of the Reich, respectively, and I therefore deem necessary the passage of two laws by the Reichstag.

1) A law providing capital punishment for industrial sabotage and

2) a law making Jewry in its entirety answerable for damages done to German industry and thereby to the German nation by individual members of this criminal group.

The only fulfillment of these tasks in the form of a several years plan, making our national economy independent from foreign countries, will make it possible to demand sacrifices of the German nation in the field of industry and food. For then the nation has a right to demand of its leadership to which it gives blind recognition, that it tackles these problems also in this field with

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unheard of and resolute work and does not only talk about them, that it solves them and does not only register them:

Almost four precious years have passed now. There is no doubt that we could be completely independent from abroad already today in the field of fuel, crude rubber and partly also iron ore supplies. Just as we produce 700,000 or 800,000 tons of gasoline at the present time we could be producing three million tons. Just as we produce several thousand tons of rubber we could already be producing 70,000 or 80,000 tons per year. Just as we increased our iron ore production from 2½ million tons to seven million tons we could process 20 or 25 million tons of German iron ore and if necessary also 30 millions. One has had enough time now to find out what we cannot do. It is now necessary to carry out what we are able to do.

I herewith set the following task:

I. The German Army must be ready for combat within 4 years.

II. The German economy must be mobilized for war within 4 years.

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E. P. E. S. F. I. A. T. (Br)

Certified True Copy of Translation

DR. JUR. HERBERT KRAUS

Professor of Jurisprudence.

Nuernberg, den 4. 6. 1946.